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NEWS SUMMARY

GENERAL

Premier's son found 'alive and well'

Mark Thatcher, the Prime Minister's son, is safe and well, his father confirmed last night.

He has been missing for six days in the Sahara with two French companions on a trans-Africa motor rally.

Frontier guards picked up the team and flew them to a village in Mali, where they spent the night.

Ripper damages

The Yorkshire Ripper is liable for damages payable to the mother of a victim, a Leeds County Court registrar ruled in a case thought to be the first of its kind.

Murder sentence

A British soldier was ailed for life for stabbing a man to death at a dance in Northern Ireland

Rapists jailed

Four Belfast members of the Ulster Defence Association were jailed for rape and assault on a 20-year-old woman. The UDA had kneecapped three of them.

Plea switch

A British Columbian charged with the murder of 10 youths changed his plea to "guilty."

Boy found

Mark Crump, the 14-year-old missing from his south London home since November, was found in Clapham.

'Mystery' reward

The husband of Jeannette May, who disappeared in central Italy in November 1980, offered rewards for information leading to solution of the mystery. Men and Matters, Page 18

Kitson probe

Johannesburg police opened a murder inquiry into the death on Wednesday of the aunt of Steven Kitson, the British engineer detained in South Africa earlier this month.

Envoy named

President Reagan named anti-terrorist expert Anthony Quainton as ambassador to Nicaragua.

Palimony case off

Film actor Lee Marvin's former lover, Michelle Triola Marvin, abandoned her attempt to obtain a "palimony" settlement from him.

Suitor shunned

A Saudi diplomat's daughter has gone into hiding in Sweden to aveidbe ing married to a Saudi man

Queues for water

Hundreds of people in Shropshire are having to queue for water from standpipes because of frozen pipes to their homes.

Soccer bonus

The number of tickets available to British soccer fans for this summer's world cup finals has been doubled to 16,000.

OK to croak

A Basle court acquitted Heinz Froescher of disturbing the peace by keeping frogs in his home. The German from frog is froesche.

Briefly . . .

Heart transplant patient Keith Brook was "doing well" at Harefield Hospital.

India were 395 for 2 in their first innings at the end of the 2nd day of the 5th test.

Man-eating tiger believed to have killed 21 was shot dead in India.

Bristol Zoo is to export its first gorilla to Japan.

BUSINESS

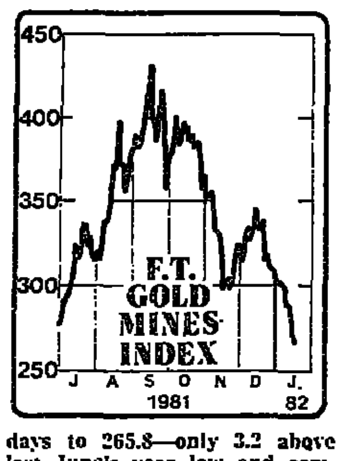
£ slips; Gold Mines down

● STERLING dropped 50 points on the day to close in London at $1.863, but improved later in New York. It slipped in London to SwFr 3.455 (SwFr 3.4675) and Y418.5 (Y419), but rose to DM 4.3 (DM 4.2825) and FFr 10.9 (FFr 10.8725). Page 26

● DOLLAR rose to DM 2.307 (DM 2.2925), FFr 5.8525 (FFr 5.8225) and Y224.5 (Y224.25), but fell to SwFr 1.854 (SwFr 1.856). Its trade-weighted index rose to 109.3 (108.4). Page 26

● GOLD fell $4.5 in London to $376. In New York the Comex January close was $377. Page 26

● GOLD MINES INDEX was down 5.2, making a drop of 36.2 in the last seven trading



days to 265.8—only 3.2 above last June's year low and compared with a September peak of 429. Page 30 and Page 2

● EQUITIES: the FT 30-share index was off only 0.1 at 527.2. Page 30

● GILTS: the Government Securities Index lost 0.6 to 62.24. Page 30

● WALL STREET was 4.28 up at $43.23 near the close. Page 28

● ROYAL BANK of Scotland chairman, Sir Michael Herries, refused to give details of the bank's contingency plans if it is forced to remain independent. Back Page

● BANK LENDING rose sharply last month by over £1bn in sterling to the private sector and a £320m increase in foreign currency borrowing. Back Page

● WEST GERMAN Cartel Office has vetoed an agreement under which most of the country's banks would have given preference to Amex travellers cheques over those of other institutions. Back Page

● KUWAIT INVESTMENT Office's disclosed stake in quoted British companies has more than doubled in value in the past four and a half years to almost £430m. Feature Page 27

● FORD MOTOR, the second largest U.S. motor company, is to omit its quarterly shareholders' dividend for the first time.

● BOC GROUP is investing $247m (£133m) in expanding its U.S. production facilities for carbon graphite, used in the electric arc furnace method of steel making. Back Page

● ROLLS-ROYCE is to cut 660 of the 4,000 jobs at its Parkside, Coventry aero-engine factory.

● UNITED NEWSPAPERS is bidding £10.7m for Colonial Securities Trust Company. Page 22

● ASSOCIATED NEWSPAPERS reported lower pre-tax profits of £16.24m (£22.55m) for the year to the end of September. Page 20

● THORN EMI's taxable profits increased to £45.5m (£38.6m) in the six months ended September 30. Page 20. Lex, Back Page

● S. AND W. BERISFORD, the international commodity trader, increased pre-tax profits to £40.7m (£36.1m) for the year to September 30. Page 21. Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exchqr 3pc 1983	£91¼	+ ¼
AGB Resources	267	+ 9
Allied Colloids	160	+ 7
Beaumont Props	130	+ 6
French (T.)	110	+ 10
Geers Gross	106	+ 6
Jones Stroud	84	+ 8
Laporte	132	+ 4
Muirhead	120	+ 6
Raybeck	41	+ 3
Rowntree Mackintosh	248	+ 5
Thorn EMI	440	+ 8
West Brom Spring	11½	+ 3
Westminster Prop	31	+ 4
New Sylhet	240	+ 15
Geometals	15	+ 5

FALLS		
Johnson Matthey	267	− 6
London Shop Prop	118	− 12
Plessey	345	− 10
Racal Elect	390	− 30
Utd Newspapers	161	− 9
Ashton Mining	58	− 9
Cons Gold Fields	440	− 12
Minorco	350	− 9
Poseidon	138	− 20
Vaal Reefs	£31	− 1½

Grade stands down as ACC chairman and à Court takes over

BY JOHN MOORE

LORD GRADE resigned last night as chairman and chief executive of Associated Communications Corporation, the entertainments conglomerate which he largely created.

In his place has been appointed Mr Robert Holmes à Court, the Australian entrepreneur, whose master company the Bell Group has made an agreed takeover bid for ACC which places a value of £36m on the company.

Lord Grade, 75, will be appointed to a new executive role on terms and conditions of service to be disclosed in the offer document which will be sent to shareholders detailing the bid.

As part of the bid terms, all directors of the ACC board, except Sir Max Aitken, who is unwell, have undertaken to resign their directorships on the main board, its subsidiaries and associates, excluding Central Independent Television, in which Associated has a near 51 per cent shareholding.

The undertakings will mean that directors such as Lord Matthews of Trafalgar House will leave the main board once the offer becomes unconditional.

Business interests of Mr Holmes à Court already own almost 51 per cent of the non-voting shares in Associated and 3 per cent of the voting shares. He will only need to pay out another £19m to buy the rest of ACC.

Under the terms of the bid the Bell Group is offering £3.20 in cash for each of the crucial £1 votin gshares which are held by just 35 shareholders. Lord Grade is the largest holder of the voting shares, with a 27.6 per cent stake.

More than 17,000 shareholders in ACC, including the insurance companies and pension funds who have invested, will receive 66p in cash for each of their 25p shares. No further dividend will be paid on any of the shares or stock units in respect of the year ending March 1982.

Subject to the approval of the Independent Broadcasting Authority, Lord Grade has agreed to sell and transfer to the Bell Group 41,382 ordinary shares—his entire 27.6 per cent voting stake—and 281,691 of the non-voting "A" shares which, together with Bell's existing holding, would amount to 29.8 per cent of the voting rights of ACC.

No compensation will be paid to retiring directors for loss of office. While there will be no redundancies as a direct result of Bell assuming control, employees were warned last night that "there may be redundancies following on the streamlining and restructuring of ACC's existing operations."

Otherwise, it was stated that the rights, including the pension rights of employees of ACC will be fully safeguarded.

Other directors of ACC have given irrevocable undertakings to accept the offers in respect of all their holdings of 54,000 ordinary voting shares (representing 36 per cent of the voting equity), and 45,250 ordinary non-voting shares (0.1 per cent), subject only to the approval of the IBA.

The IBA moved swiftly last

Continued on Back Page
Lord Grade at bay, Page 18
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Fury as Schmidt hits back on Polish crisis

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt of West Germany angrily replied to critics of his policy on Poland yesterday, in the most turbulent parliamentary scenes here for years.

To a chorus of boos and catcalls from the opposition benches, Herr Schmidt said angrily that he had remained silent in the face of the criticism—but the time had come to speak out.

He rejected as absurd charges from home and abroad that his Government had been lukewarm on the Polish crisis and was becoming a neutral "wanderer between two worlds."

West Germany, he said, had not easily agreed to apply sanctions in the Afghanistan and Iran crises—but once it had given its word it stuck to it, unlike some countries.

Uproar broke out when Herr Schmidt accused the opposition of "calling forth old voices I had hoped had vanished" with inflammatory talk that Bonn was "crawling on its belly before Communist power politics."

The Chancellor said that old Nazis were writing to him saying harsh things about the Poles, the Russians and the Bonn Government—all lumped together in the same basket.

Repeated appeals for order by the President (Speaker) of the House were ignored as furious shouts came from the benches of the Christian Democrats and Christian Social Union.

Dr Helmut Kohl, the Christian Democrat leader, accused Herr Schmidt of standing amid the ruins of a policy of weakness and opportunism towards the East.

When the Chancellor could do nothing else, Dr Kohl said, he struck out with aggressive rhetoric, not caring what he destroyed.

The course of this debate was a far cry from that of December 18, when a critical resolution on Poland was carried almost unanimously. Since then, the opposition claims, the Government has undermined West Germany's relations with the U.S., sought to deny Soviet responsibility for events in Poland and has hindered a more effective Western reaction.

Herr Schmidt maintained yesterday that Bonn's stand was more in line with that of its partners than was impled by much of the tough public criticism.

The Chancellor said his talks with President Francois Mitterrand, of France in Paris on Wednesday had yielded "no differences on the substance" of Franco-German policy

It was true that this policy had been presented in public rather differently in each country, Herr Schmidt said. But both governments were united in their judgment of the Polish crisis and on their aims and the means to achieve them.

Despite the combatative tone of Herr Schmidt's remarks, it is clear that Bonn is increasingly disappointed that no firm sign of a return to reforms has emerged from Warsaw.

The Chancellor noted that the Roman Catholic Church, whose view on the Polish situation Bonn especially valued, had also expressed increased misgivings.

The fear in Bonn is that, unless the reform course is resumed in Warsaw soon—that is, over the next few weeks—pressure in the Western alliance for tougher sanctions against Poland and the Soviet Union would become irresistible.

Bomb explodes in Warsaw, Page 2

British Rail offers NUR drivers disputed 3%

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL considerably raised the temperature of its dispute with the train drivers' union Aslef yesterday by offering drivers in the National Union of Railwaymen the 3 per cent payment it has refused Aslef.

The divisive offer, which could leave the Associated Society of Locomotive Engineers ad Firemen isolated in the present pay and productivity dispute, increases the likelihood of the union's strike widening beyond the two-day stoppage threatened for next week and of a series of Sunday strikes from this weekend.

The first two-day stoppage ended last night, though services will still be disrupted today.

The present dispute arose because the BR board refused to pay all its train drivers the 3 per cent second stage of this year's two-part 11 per cent pay deal because, it said, of lack of progress by Aslef on the crucial productivity issue of more flexible work rostering.

Though the NUR has agreed to flexible rostering for the majority of its members, mainly guards, it has not yet done so for its 1,300 drivers. The board's offer was made in the belief that it would do so.

The offer ran into immediate opposition from the NUR Executive, which was deeply divided, partly because of the rostering issue and partly because acceptance would harm the Aslef case.

After the NUR Executive meeting, Aslef leaders urged NUR officials not to leave Aslef members isolated. A meeting of the two unions was still going on last night.

Before the meeting, started Mr Ray Buckton, Aslef general secretary, said: "I am not surprised at all that BR is trying to force a wedge between the NUR and ourselves.

"These are tricks BR has been trying to attempt for a long time. Now they are coming into the open to try to split the rail unions as part of a more sinister plot."

Payment of the 3 per cent to NUR members only would be difficult for BR in that it would be extremely unusual for a management to make a payment based purely on membership of a particular union.

The BR board meets today, but it appears unlikely that having made this offer to the NUR it will risk raising the temperature of the dispute still further by deciding to suspend striking drivers, as was suggested earlier this week.

BR is likely instead to wait before taking such a step, to see if the strikes set for next week take effect, and whether Aslef decides on further disruption

However, the board is likely to meet soon to consider its options further.

Some BR officials believe that a possible Government announcement soon of a wide-ranging review of BR's operations and financial structuring could provide a basis for some initiative over the dispute.

Aslef leaders may be reluctant to act to end the immediate dispute on the announcement of a review, and BR may want speedier progress on productivity than might come out of such an inquiry.

All BR services were halted again yesterday, the second day of this week's two-day stoppage, and BR warned of delays and cancellations when services were resumed today.

BR said it had decided to reduce the frequency of most Inter-City services, particularly to and from London, and to cancel all sleeper trains until further notice.

HEAVY CUTS TODAY ON INTER-CITY SERVICES

IT IS EXPECTED that between 80 and 90 per cent of commuter services will run today, but on Inter-City services only 20 to 30 per cent of trains are likely, writes James McDonald.

Commercial and industrial companies in Greater London and the Home Counties today will review the effects of the two-day rail strike on their businesses; record of staff attendances; and possible action to get people to work if there is another strike next week.

The London Chamber of Commerce and Industry said that fewer people came into London to work on the second day of the strike than on Wednesday, with attendance on Wednesday of about 60 per cent, dropping yesterday to nearer 50 per cent.

With the probability of a resumption of the strike next Wednesday and Thursday, many companies believe they will have to make contingency plans to spend more money in helping staff get to work, and arranging accommodation for a greater number in London.

A number of companies have retainer arrangements with coach companies in the South East, and may take up these options next week.

£ in New York

—	Jan. 13	previous
Spot	$1.8575-8595	$1.8755-8775
1 month	0.31-0.28 dis	0.27-0.24 dis
3 months	0.60-0.55 dis	0.45-0.40 dis
12 months	0.75-0.65 dis	0.55-0.45 dis

Paisley leads devolution effort

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE REV IAN PAISLEY is leading efforts among Northern Ireland's various Unionist parties to agree on an independent blueprint for devolved government in the province in the hope of pre-empting proposals by Mr James Prior, the Northern Ireland Secretary.

Representatives of the five Unionist parties and their affiliated organisations, such as the Grand Orange Order, have been working on the blueprint since November when, at Mr Paisley's suggestion, they set up a body called the United Unionist Forum.

Mr Paisley said yesterday he hoped all parties would formally endorse the package by mid-February, after which they would seek a meeting with the Prime Minister to present it.

Formal endorsement of such a package by the executive committees of the various parties would commit them to a united front, ensuring that Mr Paisley's Democratic Unionist Party would be included in future negotiations. For this, he would need the support of the Official Unionist Party, the oldest and at the moment still the largest of the Unionist parties.

So far Mr Prior, who is understood to be close to completing his own proposals, has left the Democratic Unionists out of the process. This follows the party's refusal to attend a pre-Christmas meeting with him and other Ulster politicians to discuss economic matters.

Earlier this week Mr Prior met leading members of the Official Unionist and of the Social Democratic and Labour Party, the main voice of the province's Roman Catholic minority, to test their reactions to his tentative plans for a phased process of devolution.

Continued on Back Page

Burmah to sell Quinton Hazell

BY DUNCAN CAMPBELL-SMITH

BURMAH OIL is to sell the Quinton Hazell automotive components group which it acquired after a colourful £60m take-over battle in 1972.

A leading manufacturer and distributor in the home and international markets for spare automotive parts, Quinton Hazell, based in Leamington Spa, has suffered from the industry's general recession since 1979 and Burmah acknowledged yesterday it would have preferred to sell it in two years' time.

The sale proposal was disclosed yesterday, however, in the wake of Burmah's announced £77.8m bid for Croda International, the specialty chemicals producer.

Having launched this bid, said Burmah, it was now fully embarked upon a five-pronged strategy in which Quinton Hazell could be given no central role—and which might have threatened the subsidiary's growth and development.

A letter to Burmah shareholders explaining this strategy was posted last night. It was despatched at the same time as the offer document to Croda shareholders with details of Burmah's cash bid for their company.

Burmah emphasised that it would sell Quinton Hazell "only when the time and price are right." The group said it had already received expressions of interest but had no definite buyer in prospect.

Mr Quinton Hazell, the founder and former chairman of the business who departed only months after its acquisition by Burmah, said last night he could not dismiss the idea of buying it back, but had not had time to give it sufficient thought.

The business which he left behind now exports to over 100 countries from three main UK factories and employs more than 7,000 people worldwide. Turnover of £143.8m in 1980 produced operating profits of £6.3m, down from £11.2m, and 1981 is expected to show a further decline.

Burmah's formal offer for Croda contained one surprise: an increase in the cash bid for Croda's deferred ordinary shares, which account for less than 10 per cent of the company's equity. The Takeover Panel said its own earlier mistake was entirely responsible for the change.

Croda offer details, Page 22
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CONTENTS

Low gold price could prove costly for Russia

BY DAVID MARSH

"THE RUSSIANS are disappointed that the gold price is not higher with all these problems in the world."

That was the doleful comment of a leading Swiss bullion dealer back in August when, in spite of the South African invasion of Angola and the shooting down of Libyan jets by U.S. fighters, the gold price persistently refused to budge above $430 per ounce.

Five months later, the men responsible for the Kremlin's gold sales in Vneshtorgbank, the Soviet foreign trade bank, are wearing even longer faces.

Sliding Soviet foreign exchange reserves are forcing the Russians to sell more gold to the West. But, in an exact turn-round of the events after the Soviet invasion of Afghanistan two years ago, rising East-West tension this time is failing to give the customary boost to the bullion price.

The military clamp-down in Poland gave gold only a temporary pre-Christmas sparkle. Yesterday, dogged by high interest rates and world recession, the price slid to $376 the lowest for well over two years against a short-lived peak of $850 in January, 1980.

After making large-scale gold sales in December—which boosted overall deliveries in 1981 to an estimated 200-220 tonnes—the Russians seem to have been absent from the London and Zurich markets during the past few days in a bid to keep prices from falling further.

South Africa, the world's biggest producer, has not been keen to sell at under $400 per ounce either. But dealers believe that the Soviet Union this year will be forced to continue selling at around the 1981 rate. The Russians need foreign exchange to cover continued grain imports and the cost of supporting hard-pressed economies in Eastern Europe.

According to one London bullion analyst: "The Russians will need to sell a similar quantity of gold this year as in 1981. Gold is the thing that they sell as a last resort. They must be desperate."

Moscow uses its Zurich-based trading bank, the Wozchod Handelsbank, as its main sales agent. Last year, marketing was diversified to include New York, and the Middle and Far East, as well as the two prime European centres.

Heavy sales during the second half of 1981 surprised some dealers. Normally, the Soviet Union chooses only periods of rising prices to offload large amounts. But latest Bank of England figures show that Moscow ran down its foreign exchange reserves to a dangerous level in London in August. This might have partly reflected switching of reserves to other centres. But currency shortage certainly forced the Russians to sell gold that month, in spite of the fragile price.

SOVIET GOLD

(all figs tonnes)

	Production	Sales	Year-end reserves
1975	258	149	1,900
1976	276	410	1,797
1977	286	401	1,702
1978	297	411	1,527
1979	307	199	1,581
1980	311	90	1,798
1981	328	224	1,844

Source: J. Aron (New York)

Thorn fails to win support over Community reforms

BY JOHN WYLES IN BRUSSELS

M GASTON THORN, president of the European Commission, failed last night to secure the backing of EEC Governments for his proposals to end the deadlock over Community reforms. As a result, Foreign Ministers were searching last night for a new basis of agreement on kuidelines, aimed at controlling the cvosts of the common agricultural policy and at reducing Britain's payments to the budget.

The Ministers, who will continue their negotiations today, were warned by Mr Leo Tindemans, the Belgian Foreign Minister, that if their meeting ended in deadlock he might call them back next week. Mr Tindemans, president of the Council of Ministers said he might also ask the Commission to withhold its proposals, due out on Monday, for the annual increases in farm prices.

No 3———

Both the Belgian presidency and the Commission fear there will be no prospect of real CAP changes if the foreign ministers leave the outstanding questions to be settled by their agriculture colleagues. Also Britain would be bound to block any agreement on farm pricing figures until it was satisfied over its budget payments.

Although the ministers had asked Mr Thorn to produce compromise proposals, they were given short shrift by several delegations last night. His plan for curbing the costly milk surplus by a variable tax falling most heavily on big producers was rejected by Britain, Denmark, the Netherlands and Ireland. Italy, meanwhile, found his proposals unacceptable because they offered no improved prospects for Mediterranean farmers.

Officials travelling with Lord Carrington, the British Foreign Secretary, did not hide their belief that Mr Thorn's formula for reducing the UK's budget payments was a step backwards from progress made at the London summit last November.

London could not accept that an arrangement to replace the current temporary limits of Britain's payments should run for only four years, as proposed by Mr Thorn. In addition, his suggestion, designed to satisfy France, that special rebates to reduce the British budget burden should be reduced each year was also rejected by the UK.

Several delegations, including the French and West German, objected to the proposals that national governments should pay any rebates agreed to Britain, instead of financing any arrangement out of the EEC budget.

Support for joint tank plan wanes in Bonn

By James Buchan in Bonn

THE Franco-German project to develop an advanced battle tank for the 1990s is under increasingly serious threat from the West German side. Cancellation of the billion D-Mark project would be a serious blow to hopes of further co-operation in defence projects between the two countries.

Support for the programme, agreed soon after the Soviet invasion of Afghanistan, two years ago is dwindling in all parties in Parliament.

Herr Werner Marx, the Christian Democrat chairman of the influential all-party committee on defence, said yesterday in a newspaper interview that he could find no support whatever for the "Kampfpanzer 90," which is designed to replace the West German Leopard and the French AMX-30 in the 1990s.

The Government is still insisting that the project is crucial to Franco-German relations but is facing sharp criticism on financial and other grounds.

Members of the Government coalition are particularly concerned that some of the 500 tanks due to be built may find their way to trouble spots because of France's liberal arms export policy.

The military are also said to be anxious about differences in timing and requirements. The AMX-30 is due to be replaced at the beginning of the 1990s and the Leopard some five years later.

The committee has adjourned until February 3, when Herr Hans Apel, the Defence Minister, will testify. But will be in no position to go on the offensive as he will be under fire that day over the immense financing difficulties with the Tornado multi-role combat aircraft and problems with the construction of new frigates for the West German navy.

At present, the Government is seeking agreement at least on the "definition phase" until 1985, where West Germany will contribute around DM 150m (£35m) to develop two prototypes using a modified chassis of the successful Leopard 2.

This would permit the development of a purely West German project within the life of the Leopard series,

Haughey names finance spokesman

By Brendan Keenan in Dublin

MR CHARLES HAUGHEY, the Irish opposition leader, appointed Mr Martin O'Donaghue as spokesman for finance in what is seen as a gesture to his rivals in Fianna Fail.

Mr O'Donaghue, a former professor of economics, was closely associated with the manifesto which brought to power Mr Jack Lynch, Mr Haughey's predecessor, but which has since been criticised for beginning the trend of foreign borrowing.

Mr Haughey waited for more than six months before naming his front-bench after his defeat in last June's election. The delays were due in part to divisions in the party, but also to the uncertainty of the Government's position.

Hoxha alive

Mr Enver Hoxha, the veteran Communist leader of Albania, scotched rumours of his recent death after a gunfight with the late Prime Minister Mehmet Shehu by appearing in the Albanian Parliament in Tirana yesterday, according to Albanian news agency reports monitored in Belgrade.

Finns bewildered by choice of President

BY LANCE KEYWORTH IN HELSINKI

THE RECENT resignation of President Urho Kekkonen after 25 years in office has confronted Finns with an unusual dilemma.

During his quarter of a century in power no other candidate has been seriously considered for the presidency. Now "free" to choose, many Finns are bewildered, and the complicated election procedure does nothing to ease their uncertainty about the outcome of the election process which starts on Sunday.

On January 17, all Finns over the age of 18 are entitled to vote in a poll to choose an electoral college. On January 26, the college will meet in Parliament and is allowed up to three ballots in which to select the country's new leader.

Since each of the eight parties in Parliament has put forward a candidate—and given the Finnish penchant for horse-trading—the college may well need all three ballots before reaching a decision.

Of the eight candidates, four are considered to have a serious chance of victory. The man-in-the-street's favourite is clearly Mr Mauno Koivisto, the Social Democrat currently standing in for Mr Kekkonen. But since the President will be picked by the college and not by popular vote, the public opinion poll ratings of "Manu"—as he is popularly known—do not guarantee him victory.

Also well up in the running are Mr Johannes Virolainen, of the Centre Party, and Mr Harri Holkeri, representing the Conservatives, the second largest party after the Social Democrats.

Mr Jan-Magnus Jansson has been entered by one of the smaller political groups, the Swedish People's Party. He is said to stand a chance of gaining ground as a compromise candidate if the electoral college finds itself deadlocked in the second ballot.

Although the election campaign so far has been rather low key, some eyebrows were raised by the brash young chairman of the Centre Party, Mr Paavo Vayrynen, who recently insisted that only his colleague Mr Ahti Karjalainen would make a suitable President, especially as he is favoured by Moscow. The Finnish President has almost complete control over foreign policy.

Mr Virolainen, however, backed by strong grass-ro support, and any attempt to s Mr Karjalainen into the race the last moment will alm certainly cause an irrevoca split in the Centre Party.

When the new President installed on January 27, his f task will be to accept the re nation of the Governme Depending on how the par fare in the tussle over presidency in the coming da it could prove difficult to together a new coalition. It m even be necessary to call early general election.

Bomb blast near Polish party headquarters

BY OUR FOREIGN STAFF

A BOMB blew up a telephone kiosk close to the Communist Party headquarters in Warsaw yesterday, the first such incident since martial law was imposed a month ago. The Polish news agency, PAP, said the perpetrators had not been identified.

Such incidents have been rare in Poland. The last recorded bombing was of the Soviet airline offices in Warsaw shortly after the start of the labour revolt movement in August 1980.

Activists from the suspended Solidarity union are circulating bulletins under a variety of titles—"From Day to Day" in Lublin.

A statement distributed by students in Warsaw claimed that Poland faced "a brutal Soviet invasion," adding that "the fact that intervention took such a refined form is only a measure of the cunning of Soviet politicians and of the far-reaching loyalty of the Polish military to the Kremlin."

Meanwhile the number of arrest warrants being issued for Poles suspected of offences against martial law regulations is dropping, according to Mr Jerzy Urban, the official government spokesman.

Polish soldiers distribute food to flood victims in the Ploc region.

He told a news conference that civilian and military prosecutors had ordered the arrest of 361 Poles between the introduction of martial law and December 22, 230 between then, and January 1 and 128 warrants between January 2 and 13. The figures show that reistance to martial law is faltering and the country returning to normal, he claimed.

Parliamentary Deputies have been told that prosecutors have been instructed not to ask courts to pass the death sentence in cases tried under summary procedures for offences against martial law.

Next week a plenary session of Parliament will be asked to approve the martial law decrees in the form of a special Act.

Telephone communication has now been restored in Poland. But callers are warned by an automatic recording that their conversations are being "controlled."

Meanwhile, Mr Jerzy Wojtecki, the Agriculture Minister, told a news conference this week that meat supplies may be as much as 400,000 tonnes lower this year than in 1981. He also said that because of uncertainty about planned grain and fodder imports in the light of U.S. restrictions, production of broiler hens had been cut by up to 350,000 tonnes.

Agriculture hit hard by floods

By Leslie Colitt in Berlin

RAGING FLOODS in 14 Poland's 49 districts ha caused estimated damages Zloty 4.3bn (£29m at the offic rate) to agriculture, mainly lost livestock and seedlings, at time when farms are alrea delivering less than ever to t state. Widespread damage factories, homes and roads still being assessed.

Polish Radio said some 13,7 people have been evacuate from the Plock region west Warsaw where 2,202 farms we abandoned. Thousands of catt were removed to higher grour but many thousands more die in the flood waters of th Vistula River.

The Vistula, which is blocke by giant ice floes has forme several lakes inundating th land. The threat from a wall ice to the Friendship pipelin bringing oil from the Sovie Union to Poland and Eas Germany has receded as th flood level of the river fel slightly to 9.3 metres, tw metres above the emergenc level at the city of Plock.

Flooding is also widesprea along the upper and middle reaches of the Warta River

In Czechoslovakia, which faces a serious energy shortage because of the absence of coal deliveries from Poland and a 10 per cent cut in oil this year from the Soviet Union, the important Sokolov lignite mining area which borders on Poland has been closed because of severe frost and dense fog.

Lignite is used to generate much of Czechoslovakia's electricity. In the adjacent heavy industry centre of Ostrava, production has been severely hampered by the need to thaw out deliveries of iron ore and frozen lignite, according to the Czechoslovak news agency.

Call to confine sanctions to future contracts

BY DAVID TONGE AND PAUL CHEESERIGHT

THE UK Government is marshalling support in the EEC for the idea that any economic sanctions applied against the Soviet Union because of the Polish crisis should be confined to future contracts.

Crystallisation of this policy would harden differences with the U.S. over sanctions. The U.S. has already made its sanctions policy retroactive by making clear that GE, the engineering group, would not be granted licences to export vital parts to European manufacturers contracted to supply turbines for the 5,550 km Siberia-West Europe gas pipeline.

There is already considerable support in the EEC over the issue, which has become a major UK preoccupation, officials said. They noted that West Germany wants the pipeline to go ahead while Greece does not want sanctions.

Concern to limit sanctions to future contracts has emerged since Nato Ministers last week agreed not to undermine U.S. sanctions policy. Earlier this week, Count Otto Lambsdorff, the West German Economics Minister, interpreted this agreement as applying only to contracts where a U.S. company is main contractor.

The extent to which the UK's view of sanctions has taken wider hold will be apparent after several meetings over the next two weeks. These meetings will be in Nato, in Cocom, the international committee dealing with sales of strategically important equipment to most Communist countries, and in the EEC Foreign Affairs Council.

Definition of an EEC sanctions policy, if such is to emerge, would remove uncertainty for businessmen trading with the Soviet Union. So far, the Department of Trade has been able to give UK businessmen no guidance or official policy.

The UK Goverment is also anxious to ensure that if limits are to be placed on purchases from the Soviet Union, control should be by tariff and not by quota.

Shipping chief's fears, Page 4

The first of a series of Spanish banknotes carrying the picture of King Juan Carlos went into circulation yesterday. The Pta 5,000 note (above) carries an illustration of the Royal Palace on the reverse.

Bank of Spain finances bigger share of public sector deficit

BY ROBERT GRAHAM, IN MADRID

GOVERNMENT RESORT to the Bank of Spain to finance the public sector deficit increased by 44 per cent last year to Pta 559bn (£3bn), according to official figures just released. At the same time, the Finance Ministry has estimated the total public sector deficit for last year at Pta 700bn (£3.8bn), substantially lower than independent estimates.

The public sector deficit in recent months has come increasingly to the fore as a source of conflict between the employers federation and the bankers association on the one hand and the Government on the other.

The latter insists it is doing all it can to hold down expenditure in difficult circumstances; the former believe there is a risk of public sector spending becoming dangerously uncontrolled, harming the prospects for the private sector to initiate a recovery. This polemic could be given new force by the release of these figures at a news conference by Sr Jaime Anoveros, the Finance Minister.

According to the Finance Ministry, direct resort to the Bank of Spain rose only marginally from Pta 342bn to Pta 367bn. However, there was an almost threefold jump in the use of official credit, to Pta 108bn and a significant increase in the needs of the social security budget to cover extra pensions and greater contributions to cover unemployment benefit.

Additionally, the local corporations and troubled sectors of industry have raised their borrowings to cope with new services and in the case of industry to aid the process of reconversion. The Government maintains that these factors are insufficiently considered by its critics.

Nevertheless, the private sector continues to be unmoved by these arguments. Indeed, it maintains that the Treasury is "massaging" the statistics.

For instance, excluded from the official figures is some Pta 40bn worth of extraordinary payments requiring parliamentary approval that have been held over. Further, the Treasury apparently has benefited from receiving advance tax payments for 1982 requested from the three monopolies—Campsa (petroleum and petroleum products distribution), Telefonica (telecommunications) and Tabacalera (tobacco).

The argument is also being used by the banks as a weapon to try to prevent the Finance Ministry from its avowed intention of opening up short term public debt issues to the general public this year.

Larry Klinger, in Brussels, examines problems rich nations face in giving to the poor

Why EEC aid for the Third World runs into snags

IN ONE of the most detailed assessments ever of EEC development aid to the Third World, the EEC's financial watchdog has brought into sharp focus the difficulties which rich countries experience when they try to help the poor.

With North-South issues high on the international agenda, the European Court of Auditors' report* for 1980 will be seized with enthusiasm by advocates of a restructured and more disciplined political and administrative approach to development aid.

The report follows auditors' inspection tours in the Netherlands Antilles, French Guyana, Surinam, Kenya, Somalia and Zaire.

It emphasises many examples of where, in the Court's opinion, misjudgments, mismanagement and political conditions have undermined efforts to gain quick or lasting results. It suggests that many aid-financed programmes are too often technically and culturally unsound:

- Most EEC aid-supported buildings, many constructed to European-style design, experienced problems, some serious. Flat, bitumen-based roofs "hardly stand up to conditions of fierce sunshine and/or heavy rainfall" and large windows and thin walls often mean that interiors become overheated in equatorial climates.
- Modern kitchens were not only usually expensive to instal but too sophisticated to maintain. "They are generally abandoned for traditional hearths in the open," the Court adds.
- Most sanitary and many electrical installations were out of order within a few years or even months.

Inadequate planning

Other projects failed because of inadequate planning or technical assessment:

A project to transport fruit from a Somalia district to the capital of Mogadishu had failed because a very small section of road had not been built "for reasons of economy."

- Two palm plantations were established in Togo and Benin, where rainfall was "seriously below the requirements" of the trees. Although lower production had been forecast, even this was far from being realised and in one case was less than a quarter of the estimate.
- Of several agricultural-industrial complexes visited in Zaire, none was yet viable. The only one no longer receiving EEC aid was virtually bankrupt and had not paid wages or electricity bills for months.

While the European Commission responds in detail to most of the Court's criticisms, it is strikingly quiet on one issue. The Court asks why certain relatively rich Caribbean countries receive substantial awards, in spite of having difficulty in absorbing aid from other sources and having a much higher standard of living than any EEC-associated country in Africa.

This practice often appeared not to meet the criteria of sound financial management, says the report. Funds are often left idle for years or allocated to projects which appeared to lack priority compared with the "crying needs of other regions."

The Court gives the Netherlands Antilles as an example, where it notes that the EEC helped to finance the construction of three international airports within a radius of about 100 km, with several years elapsing between the financial agreement and invitations to tender.

The Commission ignores this, preferring to restrict its response to the more general complaint that the inability of some of the poorer countries to translate ideas into technically sound projects has meant that funds remain unused over long periods.

EEC development aid is allocated under a succession of European Development Funds (EDFs), financed by contributions from the Community's member states and supplemented by funds lent directly by the European Investment Bank. Total EDF funds available for aid at the end of 1980 represented about $3.5bn (£1.85bn), of which about $2.9bn (£1.53bn) had been committed to specific programmes.

However, the auditors' report is not wholly critical.

It says, for example, that aid-financed water supply projects have made a substantial contribution to meeting the vital needs of large populations and that most road projects had attained their initial objectives.

It continues: "The comparatively severe comments of the Court should not obscure the fact that two of the four hospitals visited and most of the education projects are satisfactory as a whole."

At the same time, the Court feels that the Commission could do better in its administration of aid, while the Commission feels that in many areas the Court does not know what it is talking about.

Aid administration

The Commission points out that, while EEC institutions are responsible for aid administration, the recipient country is most often responsible for administering the actual projects.

In response to the Court's broadside against design deficiencies, equipment unsuitability and insufficient use of local materials, the Commission says:

"Although the Court's criticisms are unfortunately correct, the fact remains that the Commission does not have a free hand with regard to the choice, design and upkeep of projects, as the final decision lies with the national authorities, and here both political and financial considerations come into play."

As examples of unforeseeable "changes" which have affected aid-financed projects, the Commission singles out Zaire's past programme of forcing the expatriate management of its tea operations to hand over control to nationals, the war between Ethiopia and Somalia which stripped Somalia's public enterprises of equipment, and the 10 years of political tension in Surinam which prevented decisions being taken.

The Commission is pointed in its reactions to the Court's criticisms of some details. A distinction must be drawn, it says, on the development of annual crops such as groundnuts and perennial crops such as oil palms.

Unlike annual crops, perennial plantings require a relatively long period of time and generally do not generally become fully productive for six to 10 years.

*Court of Auditors Annual Report for the Financial Year 1980, Official Journal of the European Communities, ISSN 0378-6986, C 344, Volume 24, £5.60.

Dutch to examine how funds spent

BY CHARLES BATCHELOR IN AMSTERDAM

The Dutch Government is to take a critical look at the way aid is given to pressure groups active in Third World affairs. Changes in the way the National Commission for Development Aid distributes its funds will probably be necessary before the Government decides whether to continue its support beyond July.

The Commission helps groups trying to increase public awareness of Third World problems in the Netherlands. It expects to distribute Fl 13.7m (£3m) this year, a small but increasingly controversial part of the country's total aid budget of Fl 3.61bn (£771m).

Mr Kees van Dijk, Minister of Development Aid, expressed concern in a letter to Parliament about the growing number of projects funded by the Commission which had little to do with aid for the Third World. Peace organisations, energy and environmental projects and aid for groups representing foreign workers in the Netherlands do not fall within the Commission's responsibilities, he said.

Projects concerned with the role of multinational companies in Europe are also outside the Commission's powers, the minister said. He criticised its concentration on long-established projects and its apparent unwillingness to give aid to many new ventures. This conflicted with its role of acting as a catalyst for creating an awareness of the Third World problems.

The minister's letter coincides with the publication of a strongly-worded review of the Commission's activities prepared by the research office of the Conservative Liberal Party. The Review accused the Commission of having a left-wing bias and of supporting primarily radical groups whose activities could prejudice many people against the development aid cause.

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Syrian Foreign Minister flies to Moscow

BY LOUIS FARES IN DAMASCUS

MR. Abdul-Halim Khaddam, the Syrian Deputy Premier and Foreign Minister, started talks in Moscow yesterday which may be aimed at extending Soviet obligations to the protection of the Syrian military presence in the Lebanon.

The belief here is that another purpose of his talks is to prepare the ground for a visit by President Hafez al-Assad and to upgrade the Treaty of Friendship and Co-operation, signed towards the end of 1980, into an equivalent of the U.S.-Israeli strategic co-operation agreement.

Syrian officials have suggested that any Israeli attack on Syria would probably be launched through southern Lebanon rather than across the Golan Heights. The Syrians have over 25,000 troops stationed in Lebanon as the sole component of the Arab peace-keeping force.

Mr Khaddam's trip to Moscow came in the wake of his tour of the Arab oil-producing states of the Gulf from whom he is reported to have sought financial assistance for the purchase of more sophisticated Soviet weapons.

The Moscow talks got under way while the debate in the UN Security Council over Israel's seizure of the Golan Heights drew to a close.

In a speech in Damascus on Wednesday night, President Assad called for restoration of the balance of power with Israel so that the Golan Heights and other occupied territories could be "liberated."

He said: "International law permits Syria to recover its sovereignty over the Heights whenever and however deemed necessary."

Mr Assad made a pledge to recover not only the Golan Heights but all occupied Arab territory. "By now everyone has realised that there can be no peace without Syria."

Our Foreign Staff writes: The official Soviet news agency Tass said that Mr Khaddam, would "hold consultations in accordance with the treaty of friendship and co-operation."

Hitherto the Soviet commitment to defend Syria has generally been understood to cover only a direct attack.

Mr Khaddam indicated in a recent interview that his Government was seeking a strategic co-operation agreement with the Soviet Union.

Delivery of more sophisticated weapons will certainly be one of Mr Khaddam's priorities. In an important speech last month he complained that Soviet supplies to Syria had not been comparable with those to Israel from the U.S.

MR ALEXANDER HAIG, the U.S. Secretary of State (above left) yesterday met Mr Yitzhak Shamir, the Israeli Foreign Minister (above right) in Tel Aviv and said that he would like to see some agreement on Palestinian autonomy before the final Israeli withdrawal from Sinai in April. But he stressed that this was not a target date.—David Lennon writes from Tel Aviv.

During his 24-hour visit Mr Haig will twice meet Mr Menahem Begin, the Prime Minister, as well as the Foreign and Defence Ministers. Few people here hold much hope for success of the latest U.S. attempt to infuse new life into the negotiations on autonomy for the 1.2m Palestinians living in the occupied West Bank and Gaza Strip.

Israel believes autonomy to be a temporary phase on the way to eventual annexation of the occupied territories, while Egypt sees it as a step towards the establishment of a Palestinian state. Mr Haig is apparently searching for some vague declaration of principles or memorandum of understanding which could create the appearance of progress.

Israel made it clear to Mr Haig yesterday that it believed that any breakthrough in the autonomy talks will have to stem from a change in the Egyptian position. Mr Shamir said Israel totally rejects permitting the Arabs of East Jerusalem to participate in elections to a Palestinian self-governing body for the West Bank and Gaza Strip.

In the afternoon, Mr Haig discussed Israel's security needs in the West Bank and Gaza Strip with Mr Ariel Sharon, the Defence Minister, and senior generals.

Iraq warns of danger to Gulf ships

IRAQ HAS again warned international shipping to keep clear of the northern Gulf. It said yesterday that ships in the area would be treated in the same way as the vessels which it claimed to have sunk on January 11, our Foreign Staff writes.

Iraq says it sunk three out of seven ships which it discovered attempting to leave the Iranian port of Bandar Khomeini and repeated that the area from there to the tip of the Gulf had been heavily mined.

The commander of an Iraqi naval force said the ships leaving the Iranian port have been set on fire despite attempts by fighter aircraft and helicopters to provide aerial cover.

There are still over 60 ships trapped in the Shatt al-Arab and adjoining waterways since the outbreak of the Gulf war in September, 1980.

On the main battlefronts, the Iraqis claim to have killed another 170 Iranian troops and revolutionary guards in fighting on the central and northern sectors. The military command also reported that the Iraqi port of Basra had again come under Iranian shellfire.

Iran said it had killed over 200 Iraqis and destroyed "a considerable number of tanks and personnel carriers."

Jordanians confident on UN votes

By Our Foreign Staff

JORDAN IS confident that it can secure the nine votes necessary to secure adoption at the United Nations Security Council of a motion calling for mandatory sanctions against Israel.

The Jordanians submitted their resolution yesterday after it became clear that Syria would not succeed with its harder line motion aimed at punishing Israel for annexing the Golan Heights.

If the Jordanians are successful the U.S. is certain to veto the resolution, despite the difficulties this will cause in relations between Washington and its moderate Arab allies.

Newspapers in Saudi Arabia commented yesterday that an American veto would be seen as "hostile to the Arabs" and would damage the U.S. role and friendships in the Middle East. Washington's unlimited support for Israel can only damage its credibility, said the daily Okaz.

The Jordanian resolution strongly condemns Israel for annexing the Golan Heights and would require all States to stop supplying it with all forms of military equipment. In addition, States would be asked to suspend economic assistance.

The five Western members of the Security Council are likely to vote against the resolution or abstain. Should the U.S. use its veto, the Arabs are expected to call for a special emergency session of the General Assembly.

Pakistan denies giving pledge on N-testing

BY ALAIN CASS, ASIA EDITOR IN ISLAMABAD

PAKISTAN has not given any assurances about detonating a nuclear device as part of the recently ratified \$3.2bn (£1.7bn) arms and economic aid package with the United States, according to Mr Agha Shahi, the Foreign Minister.

Mr Shahi said yesterday in an interview with the Financial Times: "We have given no assurances of any kind to the U.S. with regard to our nuclear programme."

Pakistan is believed to be trying to produce nuclear weapons and Mr Shahi's statement is bound to heighten concern over the possibility of a nuclear arms race in the subcontinent.

Mr Shahi added that the U.S. had spelt out the attitude of Congress—that if a country carries out a nuclear explosion, then aid will be suspended. He implied, however, that President Ronald Reagan's Administration is now deeply committed to propping up the military regime in Pakistan as part of its strategic aims in the region and might not take such a hard line.

Mr Shahi, who is due to hold talks with his Indian counterpart on January 29 in New Delhi over a proposed "no-war" pact, added: "The U.S. has made its position clear and we have understood it. Whether we explode a nuclear device will be a decision Pakistan will take knowing the consequences."

He repeated that Pakistan had no intention of producing nuclear weapons. "We make a distinction between an explosion and weapons," he said. "We do not rule out the possibility of a detonation if it is necessary for our programme."

Mr Shahi said that the new relationship with the U.S. was designed to leave Pakistan free to pursue other options if the relationship was not sustained. Mr Shahi is known to have his doubts about the wisdom of putting at risk Pakistan's non-aligned image.

Turning to the talks with India, he said the central objective would be to reinforce the Simla Agreement of 1972 in the wake of the Bangladesh war. This stated that both sides would reach peaceful settlements in disputes.

Mrs Indira Gandhi, the Indian Prime Minister, has recently accused Pakistan of arming itself for war. "I want to state categorically," Mr Shahi said, "that Indian misconceptions are misplaced. They think that Pakistan will some day seek revenge for the events of 1971. For what purpose? It won't reunify Bangladesh and Pakistan." Neither would Pakistan make a grab for Kashmir, he said.

It is understood that Pakistan will raise the question of parity of forces between the two countries at the meeting this month. India has submitted a seven-point proposal which includes a demand that Pakistan should renounce the F-16 deal.

Mr Shahi . . . rejects Indian charges

The Indians also want the "no-war" pact to include a pledge by Pakistan not to allow U.S. bases in the area. This will be rejected by Pakistan, which is prepared to discuss the F-16 deal if India is willing to talk about its acquisition of Soviet MiG 25s and 27s.

K. K. Sharma adds from New Delhi: Mrs Gandhi yesterday blamed Pakistan for holding up India's economic development by forcing her Government to raise defence spending following the arms deal with the U.S.

Coming shortly before the "no-war" pact talks, the remarks indicate that Mrs Gandhi does not expect much to emerge from the meeting.

Mrs Gandhi's reference to Pakistan was made in a broadcast marking the completion of two years in office during which, she said, the Indian economy had made substantial progress.

The rate of inflation had slowed to single figures and industrial production had increased by 10 per cent.

Australian payments deficit up to £770m

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA HAD an overall balance of payments deficit of A\$1.3bn (£770m) for the first six months of the fiscal year to December 1981, according to figures released yesterday by the Australian Statistics Bureau. The deficit compares with a small surplus of A\$1m for the six months to December 1980.

Weak export performance, caused by a sharp decline in the value of agricultural commodities and metals, and a high level of industrial disputes, especially at ports, contributed to a trade deficit of A\$1.7bn. When invisibles such as shipping and insurance are included, the current account deficit was A\$4.4bn, compared with A\$2.9bn for the six months to December 1980.

Foreign capital, which is continuing to flow into Australia at record levels, went some way to bridging the gap, however. During the six months to December A\$2.7bn in private capital entered the country compared with A\$2.6bn in the six months to December 1980.

Thatcher to visit Japan in September

MRS MARGARET THATCHER, the British Prime Minister, is to visit Japan in September, Mr Humphrey Atkins, the Lord Privy Seal, said in Tokyo yesterday, **our Foreign Staff write.** Her trip will come after a visit to China in which she is expected to discuss the future of Hong Kong.

Mr Atkins said after his own talks with Chinese leaders that Peking, recognises that the future of Britain's colony cannot be left until the lease on the mainland area, the New Territories, runs out in 1997.

S. African school results worry

BY BERNARD SIMON IN JOHANNESBURG

DISMAL examination results and a series of administrative snarl-ups have raised fears of mounting tension in South Africa's black and coloured (mixed race) schools.

The schools have been a focal point of unrest since the Soweto upheavals of 1976, which were sparked off by a dispute over the use of the Afrikaans language as a medium of instruction. Since then, black and coloured schoolchildren have become increasingly politicised.

A prolonged boycott of classes by black and coloured pupils in the Cape province during 1980 appears to have been the main cause of a sharp drop in the matriculation examination pass rate at the end of last year. Only 56 per cent of coloured matriculants passed, and fewer than 15 per cent obtained university entrance certificates. The normal pass rate in coloured schools is around 65 per cent.

The performance of black pupils at Cape schools was even poorer, with fewer than 40 per cent obtaining pass marks.

According to Prof Richard Van Der Ross, a prominent coloured academic, there is "a strong mood of uncertainty and disappointment." Morale among teachers is understood to be low as disciplinary problems have increased.

Prof Van Der Ross said that the attitude among many pupils was to undermine authority. "There is a feeling that they can work when it suits them," he said. The Government has set up a commission of inquiry to investigate the poor results.

Results in Soweto were also below average, with 57 per cent of pupils passing. In contrast, the pass rate among white matriculants in the Transvaal was 93.6 per cent.

AMERICAN NEWS

Washington crash underlines airport row

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

SALVAGE TEAMS scoured the ice covered Potomac River in central Washington yesterday in a bid to raise the wreckage of the Air Florida Boeing 737 which crashed their in a heavy snow storm on Wednesday afternoon. The cause of the crash, in which 77 people died was still unknown. Experts' hopes are pinned on recovering the two "black box" flight recorders from the river's murky depths.

Washington was traumatised by the crash—a crash which many safety experts had long feared. The plane plunged into the river midway between the White House and the Pentagon seconds after take-off from the capital's National Airport after smashing into the commuter-packed 14th Street bridge, one of the city's main arteries to surburban Virginia. Six motorists were killed as the plane sliced the roofs off their cars. Five of the aircraft's passengers survived after being plucked from the water among scenes of moving heroism.

The National Transporation Safety Board has warned against early speculation on the cause of the disaster and said that analysis of the flight recorders, assuming they are recovered, could take anything from two days to two weeks. Information from the recorders will not be made public until after an inquiry, which could take several more weeks.

Nevertheless, the catastrophe is bound to rekindle the long controversy over the 41-year-old airport's safety. Jutting into the Potomac from the southern, Virginia shore, the airport is one of the nation's busiest. But it has some of the nation's shortest runways. Jumbo jets and Airbuses are not allowed to land.

The longest of the three runways, the one used by the doomed Air Florida plane, is just under 7,000 ft and there is virtually no over-run space when the concrete ends. The runways at Washington's Dulles International Airport are in the 10,000 ft range with plenty of spare space at the end.

The problem is that Dulles is 40 minutes or more from the centre of town, National about 10 minutes, and — hitherto, at least—few have been inclined to make the long trek out to Dulles unless they had to. That includes, of course, the Congressmen who could do something about National if they chose.

The airport has a good safety record. Until Wednesday, it had only had one fatal crash (in November 1949). But some safety experts say that, like Hong Kong airport, it is only safe because it is so dangerous. Pilots know they have to concentrate especially hard to get in and out.

There is also likely to be criticism of the arrangements for water rescue. In testimony prepared for hearings on airport policy, last summer, Mr Sherwin Landfield, a civic activist, said that an engine failure on take-off to the north "would most likely mean going into the Potomac to avoid hitting a zridge." In such a case, it would be impossible to get rescue units to the scene in time to avoid a further tragedy, he claimed. An airport spokesman yesterday said that three rescue boats were on call at all times and went to the aid of the survivors on Wednesday.

Speculation has centred on the possibility that the aircraft was not properly de-iced. It spent two hours waiting for the runways to clear before take-off, when the snow storm temporarily closed the airport.

What the Reagan Administration will hope to establish is that there was no fault in the air traffic control system. The 11,400 air traffic controllers sacked by President Ronald Reagan in August for going on an illegal strike have long warned that their continued absence makes U.S. air space unsafe.

Rescue workers tie a rope to the jet's fuselage in the Potomac River.

The secret recordings of Franklin Roosevelt

By Paul Betts in New York

FRANKLIN DELANO ROOSEVELT, one of America's most popular Presidents, was using a secret recording device in the Oval office of the White House more than 30 years before a peculiar obsession with taping conversations brought down President Richard Nixon.

The revelation is contained in the coming issue of American Heritage magazine in an article by Professor R. J. C. Buton, a history professor at the University of Washington.

Prof Butow accidentally learned of the secret recordings and has spent three years reconstructing their background and deciphering discs used in a prototype device.

President Roosevelt used the device during an 11-week period in 1940, recording Press conferences in the oval office and some private conversations.

But Professor Butow speculates that the machine did not prove very satisfactory, "and so the President, who may have had second thoughts about the political risks involved in using such a device, preferred not to bother with it."

Professor Butow claims "there is no evidence to suggest FDR was pursuing malevolent of Machiavellian designs." Instead, it seems Roosevelt decided to use the machine when he was misquoted after a White House meeting with the Senate mililtary affairs committee.

The recording contraption was based on the principle of motion picture sound tracks recorded on film. Taperecorders had yet to be invented. The protype device was developed by the Radio Corporation of America, now known as RCA, and was installed in the basement under the oval office with enough film to last a couple of years. A microphone was concealed in the President's desk lamp

Among the most interesting historical titbits the recordings reveal is that 14 months before the Japanese attack on Pearl Harbour, Roosevelt privately reacted to a report of Japanese demands by asserting "this country is . . . ready to pull the trigger if the Japs do anything . . . that's the first time that any damn Jap has told us to get out of Hawaii."

Mexico may double natural gas sales to U.S. companies

BY WILLIAM CHISLETT IN MEXICO CITY

discussing with U.S. gas companies a possible doubling of natural gas sales in an attempt to boost declining Government revenues.

Pemex, the state oil concern, at present sells 300m cu ft a day of gas to the U.S.—the politically sensitive limits set by Mexico's energy plan.

But with prices for all Mexico's major exports, particularly oil, falling off at a time when the Government has embarked on a costly programme of economic expansion, increased gas sales afford one of the few ways the Government can raise extra revenue and slow down the growth of its massive foreign debt.

Mexico had to cut the price of its heavy oil by $2 a barrel last week because of the continued world oil glut. Prices for the country's coffee and silver exports are also low. Mexico earned about $400m (£212m) last year from gas exports.

Mexico produces an excess of natural gas and is still flaring some of it. Most of Mexico's gas is associated with oil production and the fields cannot be shut down without affecting crude output.

The country also has a greatly under used gas pipeline which runs from southern oil fields almost to the U.S. border. This is capable of taking 2bn cu ft a day.

The country's more nationalist lobbies, are against increasing oil and gas exports, but U.S. officials say they would not be surprised if Mexico agreed to sell more.

Anatole Kaletsky reports from Washington: The U.S. Energy Department has prepared detailed legislative plans to remove all controls of natural gas prices, according to a working paper being circulated on Capitol Hill.

The Department, one of many organisations pressing President Reagan to decide on gas de-control, wants prices raised over a two-year period, starting from January next year to within 70 per cent of the price of crude oil.

Such a move would lead to a near-doubling of gas prices paid by most domestic consumers. In addition to complying with free market doctrines, it would raise substantial revenues for the federal Government, even under the present tax regime, because of higher profits earned by gas and oil companies.

Supreme Court rules on control of cable television

BY ANATOLE KALETSKY IN WASHINGTON

LOCAL GOVERNMENTS in the U.S. which attempt to regulate cable television networks and other local services can be sued under federal anti-trust laws, the Supreme Court decided yesterday. The ruling is expected to provoke a deluge of lawsuits.

The dissenting minority of Supreme Court justices warned that the decision could "impede, if not paralyse, local governments' efforts to enact ordinances aimed at protecting public health, safety and welfare."

In addition to curbing certain municipal activities, the ruling will make local governments liable to "triple damages" suits from aggrieved parties. Anti-trust offenders in the U.S. can be forced to pay three times the damages caused by their actions.

The court decision came in a case against the city of Boulder, Colorado. Boulder had imposed a moratorium on the expansion of cable television in 1979 to give itself time to draft conditions for cable companies operating in its area.

Numerous U.S. cities have held up cable development while local politicians have argued about the best, and most lucrative, ways to regulate the cable networks under their control.

The court decided that cities do not share the immunity to federal anti-trust law enjoyed by state governments. These are protected by the principles of federalism enshrined in the U.S. constitution. This principle can only be extended to local governments if they are carrying out tasks specifically delegated to them by state legislators.

AP-DJ reports from New York: Sony Corporation of America said it will appeal to the U.S. Supreme Court against a lower court ruling that declared illegal the use of video recorders to tape copyrighted television programmes.

The announcement followed a denial by a federal appeals court in California of Sony's request for a review of the court's ruling last October.

El Salvador guerrillas 'improve tactics'

LEFT WING guerrillas appear to be making progress in their fight to overthrow El Salvador's junta, according to Mr Dean Hinton, U.S. ambassador to El Salvador, AP reports from San Salvador.

Estimating that between 4,500 and 6,000 men were at war against the U.S.-backed junta, Mr Hinton said they "unfortunately have improved their tactics and have better armaments than before."

New U.S. envoy to Nicaragua

President Reagan yesterday nominated Mr Anthony Quainton, an anti-terrorist expert, as ambassador to Nicaragua's Left-wing Sandinista Government, Reuter reports from Washington.

Mr Quainton, a career diplomat whose nomination is subject to Senate confirmation, is director of the State Department's office for countering terrorism.

Standard Oil in pact with refinery workers

BY OUR NEW YORK CORRESPONDENT

STANDARD OIL of Indiana, the U.S.'s sixth largest oil company which sells its products under the Amoco brand name, yesterday reached a tentative settlement on a new two-year contract with its refinery workers.

The settlement follows an agreement earlier this week between Gulf Oil, the country's fifth largest oil company, and the Refinery Workers' Union, the oil, chemical and atomic workers' international union.

The Gulf agreement on a new two-year wage contract was the first contract settlement between a major oil company and the union. It is setting the basis of other settlements between oil companies and the 55,000 members of the refinery workers' union.

Standard Indiana said its offer was modelled on Gulf's earlier settlement involving a 16 per cent wage increase over two years, starting with 9 per cent the first year. This is lower than original union demands for a 27 per cent two-year pay rise.

Although other oil companies are expected to reach agreement with the unions on new contracts in the next few days, some local branches of the union are adopting a hard line to the current round of negotiations in the oil industry.

While refinery workers at two Gulf refineries have ratified the agreement between their union and the oil company, some union members at a third Gulf refinery in Texas have yet to agree formally to the terms of the two-year contract and have raised some local objections.

But of the 55,000 members of the union, only 4,000 workers at Texaco and American Petrofina have gone on strike since their contracts expired last week.

But the strike action by a relatively small number of members is not expected to obstruct the current round of wage talks in the oil industry. The oil companies are in a strong bargaining position because of the current slump in the U.S. refinery industry. Many companies have warned of possible lay-offs and further reduction in their refinery capacity.

'Final offer' for reviving Canada Alsands project

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN and Alberta Governments have made what is described as their final offer towards reviving the C$13bn (£5.8bn) Alsands oil sands project in Northern Alberta.

"We have no other offer to to put on the table," Mr Marc Lalonde, the federal Energy Minister, told reporters yesterday.

He was speaknig after more than six hours of talks with Alberta officials, including Mr Merv Leitch, Alberta Energy Minister, and the mebers of the Alsands project negotiating team.

Mr Ed Czaja, president of Alsands, a group of Canadian companies led by a Shell Oil subsidiary, told a news conference he would place the latest offer before the seven-mebers consortium as soon as possible. He refused to say whether he would recommend aceptance of the offer or whether it met the consortium's demands for a 20 per cent return on investment on the Fort McMurray plant.

Officials of Alsands have been haggling with the federal and Alberta Governments for several months over pricing, taxation and other fiscal arrangements.

They say the provisions for oil sands development claimed in the September 1 Ottawa-Alberta energy agreement will not make the project economically sound.

Asked whether Alberta and Ottawa would consider further counter proposals from the Alsands group, Mr Lalonde replied: "I don't know what they could come up with frankly."

WORLD TRADE NEWS

Trilateral talks will seek to avert slide into protectionism

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

Senior officials of the leading trading nations meet in Key Biscayne, Florida, today to see what can be done to avert the threat of a new slide into worldwide protectionism.

No formal decisions on particular trade issues are expected to be taken at the talks, which will be attended by the U.S., the EEC, Japan and Canada. The officials will be looking for a broad political understanding on how to confront the serious trade problems that they believe lie ahead.

Senior U.S. trade officials said this that "a lot of leadership" will be needed in the months ahead if the world trade system is to remain in tact.

Viscount Etienne Davignon, the EEC Industry Commissioner, has said that "protectionism is no longer a risk, it is a probability."

Viscount Davignon's remark was a reaction to the avalanche of counter-valling and anti-dumping suits filed by the U.S. steel industry against European exporters at the beginning of this week. But while the suits are one of the most urgent issues overshadowing the talks, the Key Biscayne meeting will be attempting to negotiate a solution to the steel problem.

Mr William Brock, the U.S. trade representative, who is hosting the meeting, wants the talks to review prospects for the months between now and November, when a special ministerial meeting of the General Agreement on Tariffs and Trade (Gatt), is to be held in Geneva.

The U.S. wants the Gatt meeting to launch an attack on world trade problems, in which work would be continued on items left over from the last round of multilateral trade negotiations.

U.S. officials say the emphasis of the talks must be on the need to open markets. Mr Brock has hinted that the U.S. may be obliged to make access to U.S. markets more difficult

Chief heads of missions at the talks are Mr Brock, Herr Wilhelm Haferkampf, the EEC external relations minister, Mr Shintaro Abe, the Japanese Minister of International Trade and Industry, and Mr Ed Lumley, the Canadian Trade Affairs Minister. The talks end tomorrow.

EEC decides to adopt 'wait and see' stance

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission is adopting a careful "wait and see" attitude to the Key Biscayne trade talks.

Brussels officials are describing the talks as "theoretical and philosophical." They are making it plain that bilateral discussions between the EEC and Japan that will take place in Tokyo at the end of this month are seen as more likely to yield immediate and positive gains that could help cut the EEC's estimated 1981 trade gap with Japan of $14bn.

The Brussels Commission is, nevertheless, not discounting the importance of the new multilateral trade forum. Although the "no agenda" meeting is scheduled to review only the broad lines of trade developments in coming years, Commission officials believe that the Japanese Government's approach to solving the problem of worsening trade relationships will be an important influence on protectionist pressures inside the Community.

The report that Herr Haferkamp, the EEC External Relations Commissioner, makes to EEC Foreign Ministers when they meet in Brussels on February 22-23 could have a crucial influence on heading off calls in some member states for tough measures to be imposed on Japanese exports.

Last December 9, the EEC Council of Ministers issued a list of demands for trade concessions it required from Japan, and the February meeting in Brussels is being seen as a deadline by which Tokyo must reply.

From the EEC standpoint, the Key Biscayne meeting, and the bilateral high level consultations that Sir Roy Danham, the Director-General for External Affairs, will hold in Tokyo on January 25, are neatly complementary.

The Florida meeting will set the tone for Japan's approach to restraining its exports, while the Tokyo talks will deal with specific EEC demands. These ranged from requests for liberalised import procedures concerning some 50 different product categories to demands for export restraint on "sensitive products," notably motor vehicles, electronics and industrial equipment.

Failure by Japan to produce detailed proposals that the Commission can put to EEC Governments could provoke serious protectionist action. But, at the same time, officials point out that proposals prepared in the comparatively short time since the EEC issued its ultimatum to Japan would necessarily have a cosmetic character.

Mr Shintaro Abe, Japan's delegate at the talks

Saudi decision favours UK

By Martin Dickson, Energy Correspondent

SAUDI ARABIA has decided to adopt an electricity transmission system which will favour British and other European equipment manufacturers bidding for work which could total £800m over the next 20 years.

The Saudis have decided to adopt a 380 kilovolt double circuit—the kind favoured in Europe—for their future power transmission network rather than a 500 kv single circuit as used in the U.S.

The move is seen as an important victory over the U.S. by British Electricity International, the overseas consultancy arm of the UK supply industry.

BEI, which is advising the Saudis on the construction of a £40m supply network in Riyadh, the capital, lobbied hard for the adoption of the 380 kv system, as did French and West German groups advising on electricity in other parts of the Kingdom.

Saudi Arabia already has some 380 kv lines in the Mecca/Medina area. The first new line likely to be built is one to bring power from the country's eastern region to Riyadh.

Shipping chief voices fears of sanctions

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE OPERATOR of the only British flagship on regular cargo service to the Soviet Union yesterday spoke out strongly against possible maritime sanctions against Russia over the crisis in Poland.

Mr Holger Castenskiold, executive director of United Baltic Corporation, said the company was concerned about what action the Western allies might decide on later this month.

"The idea mooted of including the treaty on merchant navigation between the UK and the USSR as one possible tool for sanctions holds no logic," he said.

UBC, based in London, but owned jointly by UK and Danish shareholders, operates the Baltic Osprey between Tilbury and Leningrad and wants to charter another roll-on/roll-off ship to run between Hull and Leningrad from February 16.

But, said Mr Castenskiold: "We are concerned about this cloud seeming to hang over our head of sanctions." He made his remarks on sanctions after announcing an upgraded cargo service between the UK and Denmark.

If sanctions were agreed, Mr Castenskiold said they would have to be "specific, very carefully thought through, and well co-ordinated." In the Soviet context, sanctions must be able to stand the test of "ultimate credibility."

The UK-Soviet merchant treaty is designed to safeguard free and fair competition. "It would be totally illogical from the UK side to contemplate withdrawing from those two principles we have adhered to over hundreds of years."

UBC operates the Baltic Osprey as part of a joint service with two Soviet container ships. It has already withdrawn another ship temporarily from a joint service between the UK and Poland as traffic has slumped in recent months.

Since August, he said, trade on the joint Polish service had fallen by some 40 per cent. Accordingly, UBC ceased to operate the Baltic Eagle between the UK and Gdynia on December 11.

"Once the trade merits it we shall be back," he said. The Ino Wroclaw, owned by Polish Ocean Lines continues to sail once a week between Poland and Purfleet in Essex, with little disruption so far.

The expanded service to Denmark by UBC follows regular calls to Danish ports as part of the Polish service.

Air services talks deadlocked

BY OUR FAR EAST EDITOR IN TOKYO

TALKS ON the revision of the U.S.-Japan agreement on transpacific air services ended without agreement in Tokyo yesterday, but the U.S. delegation said that the next round, to be held in Washington in March, "must be successful."

Mr Barrett Trent, Deputy Secretary of the U.S. Transportation Department, said that the U.S. regarded the March talks as the last it was prepared to hold.

He also said he believed there was a link between the aviation issue and tensions over U.S.-Japan bilaterial trade.

Japan has been demanding a revision of the 30-year-old U.S.-Japan aviation agreement which, it claims, gives excessive advantages to U.S. airlines in routes between the two countries.

It has also declined to approve transpacific flights by United Airlines (UAL), even though UAL was "designated" last year by the U.S. Civil Aeronautics Board to serve Japan. The Japanese authorities claim that a clause in the current agreement entitles it to refuse, but this is disputed by the U.S.

The only positive outcome of this week's talks was that both sides agreed to suspend, until after the March talks, the sanctions which were announced in December following an earlier failure to reach agreement on the United Airlines issue.

The U.S. delegation made clear, however, that sanctions will be reimposed if the March talks fail. It was also claimed that the talks could succeed only if the Japanese side came to the table ready to make concessions. In reply to this apparent ultimatum Mr Yasumoto Hakori, president of Japan Airlines, last night urged the Japanese Government to "negotiate with a firm attitude."

Japan's objection to the current agreement is that it allows U.S. airlines to operate five transpacific routes that are closed to JAL in addition to eight routes served by both sides, and that onward traffic rights granted to the U.S. side are more generous than those allowed to Japan.

The U.S. says that JAL carries twice as many passengers on the Tokyo-San Francisco route and 25 per cent more on the Los Angeles route than all other U.S. airlines.

Japan's cut in scotch whisky tariff may not help sales

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S well-publicised decision to cut the import tariff on scotch whisky by 10.4 per cent from next April is not likely to help sales, according to a company which imports some of the most popular of the more than 160 brands on the market.

The cuts will be more than offset by a rise in the fob price of Distillers Company (DCL) brands, which takes effect this month in the Japanese market.

Apart from that, importers say the Japanese Ministry of Finance, which is in charge of tariff policy, has ingeniously arranged matters to ensure that top class whisky, even after benefiting from the tariff cut, will continue to pay Japanese domestic liquor tax at the prohibitively high rate of 220 per cent

The Finance Ministry achieved this by cutting the tariff on luxury scotch much less than that on standard whiskies. According to some importers it did so in response to advice from Japan's domestic whisky distillers who do not want to see the prices of top imports like Johnny Walker Black or Chivas Regal brought nearer to their own price levels.

Because of the Finance Ministry's ingenuity, and for a number of other reasons, scotch importers are about as pessimistic about the prospects for Britain's largest single export to Japan as ever.

The number of cases of imported whisky assessed for domestic liquor tax which, in effect, means the number entering Japan's wholesale distribution system, rose by 6 per cent in the first nine months of 1981 after a catastrophic fall of 36 per cent in 1980.

Japan's recent reduction in the import tariff on Scotch whisky is "almost meaningless," Mr Humphrey Atkins, a visiting British Minister, has told the Japanese Government, writes our Far East Editor in Tokyo. Mr Atkins made the remark during a conversation with Mr Nichio Watanabe, the Minister of Finance. He told Mr Atkins that the import tariff was not the main obstacle to higher Scotch sales in Japan.

Importers say they had expected at least a 15 per cent recovery to make up for presumed destocking by wholesalers. Last year's modest rate of recovery, after virtual collapse a year earlier, is, therefore, seen as one more sign that scotch is losing its credibility with the Japanese.

Part of the loss of credibility is due to the fact that, in a supremely value-conscious country, no one knows how much scotch is supposed to cost.

Johnny Walker Black, for many years the most prestigious luxury whisky in Japan, sells at a recommended retail price of Y9,000 (about £21) a bottle when imported by the official Distillers Company agent, but can be had for 5,800 if it comes in as a "parallel import," that is if it has been purchased from a wholesaler in Europe and used as a loss leader in a Japanese department store.

The fragmentation of the Scotch price structure is bad for trade, say the importers, because the Japanese are used to giving and receiving scotch as a gift and are not happy with gifts they do not know the value of.

Price uncertainties and parallel importing, however are far from being the only problem facing the industry. More fundamental is the fact that Japanese domestic distillers have begun to move up market instead of relying mainly on sales of whiskies that were cheaper and poorer than scotch.

Suntory's fastest growing though not as yet largest, brand of whisky is Reserve, an elegantly-packaged product which sells at Y3,200 per bottle and which is virtually never discounted at the retail level.

Sales of Reserve have been growing at an annual rate of 20 to 30 per cent in the last few years and are thought to have overtaken combined sales of scotch in 1980, when they passed 3m cases.

Suntory spends an officially rated Y1bn per year on the promotion of this brand alone.

'Lame ducks' have to go Beckett tells Government

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GOVERNMENT was to develop a long-term for nationalised indus- which would include ing some "lame ducks" ose down. The call was d last night by Sir Terence ett, director general of Confederation of British stry.

said the Government's of policy for the industries "damaging to the industrial tiveness of the country as hole."

t Britain should "not sap resources by supporting rtakings which have no of a viable future," he Once an industry had given a breathing space re-equip and reorganise, should be "no shilly- lying" when the time was

We really will have to let or two go in the future ur encourager les autres," Sir Terence, delivering the in a series of Stockton tures at the London Busi- s School on the theme of dustrial Strategy: The role Government."

ir Terence argued in general a more positive "sound ustrial policy" to be deve- ed jointly by government and ustry.

lis lecture was carefully balanced to try to bridge the gap between Sir Terence's own belief in a more positive policy and a basic opposition by many CBI members to any state interference in industrial affairs.

He stressed that the primary responsibility for developing effective industrial policies rested with individual companies. But the Government also had a key role in areas such as nationalised industries, lame ducks, new technology industries in high technology areas, regional support, and longer-term policies such as education.

Overall, his lecture appealed for more consensus on industrial affairs. But he also demonstrated he was sensitive to possible accusations that he might be developing middle-of-the-road policies suitable for leaders of the Social Democratic Party (with whom he is holding talks).

"You should not suppose from this that industry is looking for some sort of middle way between the policies of the Conservative and Labour Parties, or is indulging in nostalgia for the Butskellism of the 1960s. Some of us are convinced that a number of our present troubles began in that very period," he said.

Nevertheless, the ideas put forward by Sir Terence were much in line with those being developed by the Social Democrats.

They are also relevant to current government discussions on how to deal with nationalised industries and on the way the Department of Industry's budget is split between propping up dying industries and encouraging new technologies.

Sir Terence said it was "quite amazing" that a consensus had not been developed over 50 years for managing nationalised industries. Wholesale denationalisation was not the answer, although privatisation could help in some areas.

The industries' top managers and directors should be paid more and should also be sacked if they failed to perform adequately.

Government help was needed in developing new industries, said Sir Terence.

It was necessary for a government ot be selective in what it backed, even many industrialists were strongly against selective action, he added.

"We are all very worried about the selection process. The truth is that we must get on with it. While we avoid discussing it because of the threat of Government intervention, other countries are streaking ahead," said Sir Terence.

Maritime world clashes over Gulf war toll

Raymond Hughes analyses the legal wrangle involving more than 70 trapped vessels

FOR THE PAST 17 months, more than 70 vessels have been immobilised in or near the Shatt-al-Arab waterway, off the Arabian Gulf, as a result of the Iraq-Iran war.

Their entrapment has created problems for the maritime world. Each involves many millions of dollars.

One concerns the insurance implications, the other the effect on the charterparties under which the vessels were operating.

Some light has been thrown on the first by the publication of Mr Justice Staughton's award in a test arbitration arranged by the Lloyd's Underwriters' Association.

The charter point has been the subject of numerous claims in the Commercial Court. The Court of Appeal is expected to rule soon on the most significant of these.

Estimates of the insurance bill—the lion's share of which will fall on the London market, either through direct insurance or reinsurance—have ranged between \$200m (£107m) and \$400m.

The policy clauses in issue are those covering war risks and "blocking and trapping," and Mr Justice Staughton has held that underwriters offering either are liable—subject to certain qualifications.

The implications of his decision are being closely studied by underwriters. It contained no real surprises, but it is too early to say whether it will be challenged on appeal to the courts.

Although dealing with one specific vessel—selected for the test case—the judge had been asked to give guidelines to help to clarify the situation in regard to all other trapped ships.

In his 50-page decision, he was careful to emphasise that only those concerned with the specific vessel were bound by his award, and that, in all other cases, his guidelines would have to be read in conjunction with the insurance contracts.

He held that, where an additional war risk premium covering restraint of a vessel in the Gulf had been paid, underwriters were liable.

Where claims for loss or damage caused by detention in the Gulf were specifically excluded, there was no liability.

Any shipowners who obtained cover against "blocking and trapping" had a valid claim.

The judge said that the vessels—the bulk at or near Basrah, and the remainder nearby at Umm Qasr—were being detained by "restraint of princes"—a term in the 1906 Marine Insurance Act which, in effect, means that they have been trapped by a government order.

Given the political situation in the Gulf, that finding is unsurprising.

However, there had been no loss through "hostilities or war-like operations," but only a fear of such a loss if the vessels attempted to leave, said the judge.

The question whether shipowners had been technically dispossessed of their vessels, when no one else had laid claim to them, and when, in some cases, a skeleton crew remained aboard, was one of the more tricky problems.

He decided that there had been dispossession, in as much as the owners had lost the "free use and disposal" of the ships, and were unlikely to regain possession within a reasonable time—which the judge put at 12 months from the time owners gave notice of abandonment.

The trapped vessels were, for insurance purposes, a constructive total loss, he said.

The judge held that the vessels had been restrained—at least for insurance purposes—since September 23 1980, when the Iraqi Government prohibited navigation.

No such certainty of date yet exists as far as the frustration of charter parties is concerned. Some distinguished City arbitrators have differed widely in their views on that date.

In the four disputes that have gone to London arbitration, November 24 1980, was selected as the frustration date in two, October 4 in one and December 9 in the other.

When the case of the Evia arrived in the Court of Appeal—the first of the disputes to get that far in the courts—the three judges were unamimous that it was essential, for commercial as well as legal reasons, that there should be some uniformity in the matter.

They agreed that the proper dat in all cases where the basic facts were "strikingly similar" should be that selected in the first case ruled on by the courts.

That seems likely to be the Evia, in which the Commercial Court agreed with the arbitrator that frustration occurred on October 4 1980.

The point is of considerable importance to shipowners and charterers, because the date of frustration determines the amount of hire due to be paid by the charterers of the trapped vessels.

But on the full hearing of the Evia appeal, the court was told that, important though the frustration issue was, it was "dwarfed" by that relating to safe ports—which links the frustration cases to those over insurance.

The Commercial Court had held that, not only must charterers pay additional war risk premiums, they could also be held responsible for the cost of sending a ship to a same port if the port became unsafe after the vessel arrived.

The Evia's owner had argued that, if the charterparty had been frustrated, that frustration had been self-induced by the charterer in taking Evia to Basrah, an unsafe port.

The charterparty provided that the vessel should be employed between safe ports. The question was: if a port was safe when the vessel entered, was the charterer plunged into breach of the charter party if war broke out and made it unsafe?

The Commercial Court ruled that a charterer warranted that the port to which he ordered the vessel would remain safe while the vessel was there.

The appeal court reserved its judgment before Christmas. It is expected to give its ruling within the next two weeks. The case will probably go to the House of Lords.

The legal wrangling could, therefore, go on for many more months. And even when the lawyers have finished with the problems that will not be the end of the matter. For then will come the financial reckoning, with its as yet uncertain consequences for such things as future chartering and insurance terms.

In the meantime the trapped vessels will slowly rust at their moorings, creating yet another future problem.

New life premiums at record levels in 1981

BY ERIC SHORT

HE UK life assurance industry d a good year in 1981 for w life and pensions business espite the recession. New nnual premiums almost eached £2bn and single remiums were more than £1bn or the first time.

Figures issued yesterday by he life company associations howed that new annual remiums improved 17 per cent £1.99bn—a growth rate well excess of the 1981 inflation ite of 12 per cent.

Single-premium business was yen more buoyant last year, sing by 66 per cent from 39m to £1.07bn. In money rms, there were records in oth annual and single remiums.

New sums assured (the initial evel of death cover) in 1981 ere 14 per cent higher at 57.9bn, while new annuities se marginally, by less than per cent, to £1.69bn.

However, these preliminary gures do not show the wide ariation in life and pensions usiness written by individual life companies. The full breakdown of figures is not published by the Life Offices Association until later in the year.

But the new business figures issued by life companies over the past two weeks show some definite patterns of growth. The biggest growth area has been in unit-linked business, both for individual savings and for pension contracts.

The second major growth area last year was in self-employed pension contracts following the further tax concessions given in the 1980 Finance Act and the introduction of a loan-back facility for these contracts which enables the self-employed to borrow money from the life company.

The executive pension and company pensions market has been dull because of the recession, with massive redundancies and a lower rise in a payrolls of companies

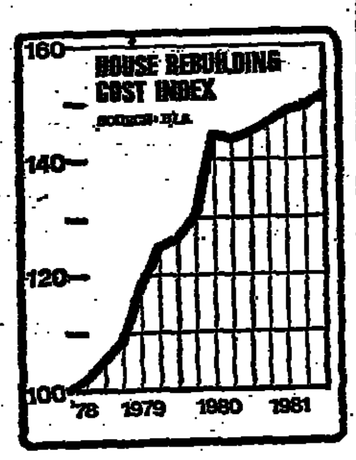
The sector particularly hit last year was the industrial life business—where premiums are collected weekly or four-weekly by agents at the homes of policyholders. Annual premiums last year rose only slightly from £208m to £211m.

Cost of home rebuilding rose 4.5% last year

BY ERIC SHORT

THE TOTAL cost of rebuilding a house or bungalow in the UK increased by 4.5 per cent ast year, the lowest annual ise for many years.

The British Insurance Association yesterday published the atest value of its House Rebuilding Cost Index. It eached 150.9 on December 31 981 compared with a value of 44.4 a year earlier. Against his modest increase rebuilding osts rose in 1980 by 14.4 per ent and in 1979 by 20.2 per ent.



The index is compiled and alculated for the BIA by the Building Cost Information Service of the Royal Institution of Chartered Surveyors. It began in July 1978 at a level of 100, and since then has been alculated at the end of each quarter. It is designed to ensure that householders insure their property for the correct sum, which should be based on rebuilding costs rather than market values.

The index rose by 1.1 per cent in the final quarter of last year, due to a slight price increase for some materials. Labour costs remained unchanged over the period.

Oil and gas industry test certificate fraud alleged

TWO NORFOLK men accused of issuing false test certificates for equipment used in the oil and gas industry have appeared at Kings Lynn Crown Court.

Mr John Edward Overton, 33, of Blofield, near Norwich, and Mr Paul Clive Leman, 31, of Newton Flotman, are charged with conspiring to defraud by issuing false documents. Both pleaded not guilty.

Mr Gerald Draycott, prosecuting, told the court that Overton was the managing director, and Leman the sales director of a company called Trident Petchem in Yarmouth.

The firm supplied companies in the oil and gas industries with metal pipe fittings, all of which were supposed to have a test certificate. The test certificate gave important information about the specifications of the goods sold, said Mr Draycott.

He alleged that the two men bought uncertified goods between September 1975 and April 1979, and sold them with false certificates. These did not relate to the equipment, and had been copied from old certificates.

The case is expected to last at least three weeks.

Telephone bugging query

AN MP is to ask Mr William Whitelaw, Home Secretary to explain why a public telephone kiosk in a remote part of north Wales was bugged.

A Common question tabled by Mr Dafydd Wigley, Plaid Cymru MP for Caernarvon will ask Mr Whitelaw if he gave permission for the bugging at the hamlet of Talysarn, 10 miles from Caernarvon.

A miniature transmitter was found hidden in the kiosk by Mr Moses Edwards, who lives in a nearby housing estate, after he saw two men acting suspiciously.

Before me could hand the device to police, the men returned and allegedly said: "We're from the Post Office, hand it over."

Villagers believe the bugging may have been part of the investigations aimed at trapping firebugs responsible for the arson attacks on holiday homes in Wales.

Phillips resigns as chairman of UBM

By Ray Maughan

MR MICHAEL PHILLIPS resigned yesterday as chairman and managing director of UBM Group, the largest specialist builders' merchant in Britain.

A statement issued by the company yesterday said he had "reached this decision following disagreements on the structure of, and responsibilities within, the board."

UBM is appointing management consultants to find a new chief executive. Mr Gerald Wightman, chairman and chief executive of Sketchley, the dry cleaning group, has been appointed non-executive chairman.

He has been on the board as a non-executive director for 12 months since he replaced Mr William Fieldhouse, head of Carrington Viyella.

Mr Phillips, 50, had been with UBM for 21 years and on the board for 15 years. He was appointed chairman six years ago when he took the place of Mr Eric Scantlebury and became managing director three years later when Mr Robert Thornton went to Debenhams.

Mr Phillips had six years of his service contract to run and his annual remuneration was shown at £53,000 in the latest accounts. He said yesterday he was claiming "substantial damages and costs."

Mr Wightman confirmed that the question of compensation had been discussed and a "very ethical settlement" had been reached.

Both sides accepted that the board had been in disagreement for several months. Mr Wightman said there had been a "difference of opinion as to how the top management should be structured

UBM's profits in the year to last February slumped from a peak of £12.37m to £2.67m. The subsequent six months saw a loss of £831,000 against a previous pre-tax profit of £2.33m.

The principal cause was a £325,000 loss in the builders' merchant division—which accounts for about 75 per cent of the group's turnover—compared with the previous £2.02m profit. The dividend was cut.

UBM operates in a highly cyclical industry, and although it had acted to cut overheads and trim peripheral businesses, it was apparently quite unprepared for the severity of the recession which affected the building industry in 1980-81.

The intended solution to these problems lies at the centre of the row. Mr Phillips said he felt UBM should counter the cycle by developing a retailing operation.

The group acquired a 51 per cent stake in a Californian company, Nieman-Reed Lumber and Supply, in July for that reason and was on the point of recruiting a retail specialist to the main board.

Mr David Wares has been appointed head of the builders' merchant division in place of Mr John Miller, who retires next month, and the board expects to consider next week his proposals

UBM is understood to be attacking its high fixed overheads in this area to the exclusion of further retail expansion.

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Owen wants unions to join policy dialogue with SDP

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

DR DAVID OWEN, a member of the SDP's collective leadership, yesterday called on the trade union movement to review its relationship with the Labour Party and to enter talks with the Social Democrats over policy. The unions would then be able to influence, at its formative stages, a "social partnership" the Social Democrats want to develop with unions and management.

Dr Owen outlined a combination of trade union reform, pay policy and industrial democracy to form the basis of the party's industrial relations policy in a lecture at Leicester University. The party would develop policies allowing trade unions and management to see themselves as "social partners," he said.

One of the key issues facing the Social Democrats is the degree of co-operation it can expect from the trade union movement given its historic links with the Labour Party. Dr Owen said he did not expect to see any individual trade unions breaking their historic ties with the Labour Party over night.

But he claimed that for the TUC to cling only to the Labour Party and exclude a constructive dialogue "with the Social Democrats would be a folly" which their members would not accept. The SDP wanted to open a dialogue with unions and management.

Dr Owen rejected suggestions that the SDP members were opposed to the unions. "The SDP is not and never will be anti-trade union. It would certainly cease to be true to social democracy if it did," he said.

Nevertheless, he said, some legislative changes would be necessary to get the proper balance between unions and management. A Social Democratic Government might feel it necessary to act on selective strikes.

It was wrong that a small group of strategically-placed employees could in effect pursue a claim on behalf of others who remained at work on full pay but who could often, because of the strike, not carry out their normal work.

Dr Owen argued that office holders of trade unions should be periodically elected by a secret ballot of union members.

Dr Owen said that another area for detailed consultation would be a policy to restore non-inflationary comparibility to the wages of the non-commercial part of the public service, in exchange perhaps for agreements not to strike.

There was an absolute necessity for governments to have an incomes strategy which linked market bargaining, in the commercial sector, with the non-commercial public services' pay rates. It was realistic bargaining in the commercial sector which held the key not only to reform of industrial relations but also to a sensible incomes policy.

Dr Owen also reaffirmed the SDP's commitment to industrial democracy. Until there was a "fundamental equality of information" around the bargaining table, there would continue to be unrealistic claims.

Jenkins opens Hillhead campaign

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR ROY JENKINS entered the Scottish political scene last night with calls for a programme of renewal for Glasgow and the west of Scotland.

The leading Social Democrat arrived in Glasgow to accept adoption as the SDP-Liberal Alliance's candidate for the forthcoming by-election in Glasgow Hillhead, following the death of Sir Thomas Galbraith, sitting Conservative MP. Hillhead has been the Conservatives only seat in Labour-dominated Glasgow.

Mr Jenkins admitted his lack of Scottish connection, for which he is likely to come under fire during the campaign. "I am not a Scotsman, I am not a Glaswegian. I have a Glasgow degree but proud though I am of it, that hardly counts," he said.

He added he had a profound sense of the history of Glasgow and its contribution to British greatness. But the city had suffered as the sterile dogmatism of the two old parties had seen greatness fade away, he said.

The central issue of the by-election was the reversal of the industrial decline of Glasgow and the region Mr Jenkins added.

The Social Democrats recognised the special needs and identity of Scotland, he claimed.

Mr Jenkins, careful not to use the word devolution, said the integrity of the United Kingdom was more likely to be fortified by a well worked-out system of decentralisation than by an attachment to excessive centralisation.

"But the Scottish scheme must be built to last, which means that it must command widespread cross-party support and not be cobbled illogically together to serve short term electoral purposes."

Mr Jenkins was driven around Hillhead, one of Glasgow's more prosperous districts, with a high proportion of private houses and a large section of elderly residents and professional people, before his adoption speech.

His companions on the drive say he spotted many of Hillhead's landmarks. ("I've been to Glasgow at least 25 times.")

There followed a small reception with gallon bottles of Valpolecelli for party followers.

Mr Jenkins in his speech referred to the contribution of Franklin Roosevelt to the U.S., bringing a new deal, new confidence and a new freedom from fear.

He did it "without doctrinaire ideological baggage, without out of date class dogma but with a determination to make things work better and give his nation an opportunity to . . . restore its greatness. We need a touch of that in the West of Scotland and in Britain as a whole today," he said.

Research body calls for six freeports

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A PROPOSAL for the establishment of six freeports in Britain has been submitted to the Government by the Adam Smith Institute, an independent research body concerned with free-market studies.

The six centres suggested adjoin airports in Aberdeen, Cardiff, Liverpool, Manchester, Newcastle and Prestwick in Scotland.

Freeports are small areas in which companies manufacture without being liable to rates, customs duties, corporate taxes or other government regulations. Items produced do not enter the national economy. They are exported directly from the freeport.

There are more than 350 such areas already, more than two-thirds of them in the developing world. The most famous are probably those in Hong Kong, Singapore and Hamburg. There are more than 40 in the U.S. and others in Copenhagen, Stockholm and Bombay as well as Sri Lanka and South Korea.

They accounted for an estimated 9 per cent of world trade last year and generated 6m jobs. According to Mr Walter Diamond, the American economist, their share of world trade will rise to 20 per cent by 1984.

The institute's report was commissioned by Mr Iain Sproat, Parliamentary Secretary at the Department of Trade, last autumn.

The first part, discussing how freeports work and how many could be established in Britain, was delivered to him just before Christmas. The second and final part, which should be completed by the summer, will deal with the mechanics of British freeports, such as boundaries and boards of management.

Dr Madsen Pirie, who wrote the report, said yesterday that the institute was looking at sites around airports because the Government owns a lot of such land potentially useful for high-value, small components industries.

Inmos will pioneer fast chips at Welsh plant

By Jason Crisp

INMOS, THE state-backed semiconductor manufacturer, in July will start to make the first 64-K RAM memory microchips in Britain at its new factory in Wales.

The 64-K Random Access Memory is the latest generation of mass-market memory microchips. Each chip can store more than 64,000 units of information. The market for the 64K RAM, which is still small, has been dominated by Japanese companies, particularly Hitachi and Fujitsu. Siemens began European production of a 64-K RAM chip in August last year.

Inmos believes it will be able to capture 5 to 10 per cent of the world market for 64-K RAM chips which is expected to be worth $100m (£54m) to $300m in 1983.

Inmos specialises in high-speed memory chips for which it can achieve a premium price. The new 64-K RAM made in Wales will be faster than Japanese products.

All Inmos chips are made at its facility in Colorado Springs in the U.S. Its British factory, outside Newport, Gwent, is almost ready and the first equipment will be installed next month.

More orders for digital exchanges

By Jason Crisp

THE THREE main UK telecommunications manufacturers — Plessey, GEC and Standard Telephones and Cables — are being given orders by British Telecom for another 29 System X digital exchanges.

System X is one of the most advanced exchanges and cost more than £150m to develop. The latest contract brings the number of exchanges ordered to 50.

British Telecom refused to say how much the latest order, split evenly between the three companies, is worth. It is thought there may be a disagreement between the manufacturers and British Telecom on the price of System X.

The exchanges will be brought into service in Birmingham, Coventry, Edinburgh, Leeds, Liverpool and a number of other major centres in the next two years.

Sir George Jefferson, chairman of British Telecom, and Mr Kenneth Baker, Minister for Information Technology, fly to India this week to try to persuade the government to buy System X. The combined forces of the three companies and British Telecom have yet to win an export order for System X.

British Telecom spends £700m to £800m a year on exchange equipment. It is mainly buying less sophisticated TXE4A exchanges.

Role of race relations chief spelled out

BY LISA WOOD

MR PETER NEWSAM, London's Education Officer, whose appointment as the new chairman of the Commission for Racial Equality was announced yesterday, said he does not see the job as being that of spokesman for Britain's black community.

"The job is not that of just being convincing to the black community but the white community as well," said Mr Newsam at a Press conference at County Hall, London.

Mr Newsam is the £32,000-a-year Education Officer of the Inner London Education Authority and takes over the chairmanship of the CRE from Mr David Lane in April.

"The job that needs to be done is in the white community," he said, where racial discrimination was occasionally overt but more often unconscious.

The black community would speak for itself. His job was to respond and not to seek to take over as the community's spokesman. He stressed the importance of the law enforcement and amending role of the commission and said: "There are other organisations which are concerned with the issues. The CRE cannot do their work for them."

Mr Newsam, aged 53, was at pains not to spell out in detail how he would tackle his job. The commission, under Mr David Lane was strongly criticised by an all-party Home Affairs Committees in December.

The report said the commission was dissipating its resources by trying to do too much, and in effect completing few investigations, and was neglecting impartiality by speaking ofr the ethnic minorities and entering political controversy.

Mr Newsham said he could not comment on the criticisms. He was an outsider who had little contact with the Commission apart from educational matters, he being a member of the Rampton-Swann committee on multi-racial education. It was up to the commission to reply to the committee, he said.

Qualities he would bring to the job were those of managerial skills and "making things happen." Mr Newsam, who joined ILEA in 1972 and became Education Officer in 1977 was largely responsible for the multi-cultural nature of much of ILEA's work in schools.

Newsprint mill likely to open ahead of schedule

BY ANDREW FISHER

PLANS BY Consolidated-Bathurst of Canada to reopen the former Bowater newsprint mill in Cheshire are several months ahead of schedule. But the company expects to spend up to £4m more than initially announced.

Mr T. Oscar Stangeland, executive vice-president, pulp and paper, said yesterday that the actual capital investment—apart from £20m for the mill purchase and working capital—would be about £30m instead of £26m.

The Canadian end of the transatlantic project, the conversion of the company's pulp mill in New Brunswick, would also cost more — probably C$105m (£47m) against C$98m.

But the final cost of the whole operation would, he said, be well below the C$275m or so that would be needed to put up a new mill to produce newsprint from about 1986.

The UK Government is contributing £10m towards the reopening of the Ellesmere Port Mill, which Bowater closed because of continuing losses. Around 65 per cent of the pulp for the mill is to come from the converted New Brunswick plant.

Mr William Turner, Consolidated-Bathurst's chief executive officer, said the group would spend more than C$250m this year on expanding its capacity from 1m to 1.5m tonnes of newsprint.

Vauxhall lifts Cavalier sales target to 70,000

BY JOHN GRIFFITHS

VAUXHALL has lifted its sales forecast for the Cavalier model launched in September by 10,000 units this year, to 70,000. This is just under 5 per cent of the predicted total new car market of 1.52m-1.55m.

The Luton plant, which builds the 1.3 and 1.6-litre Cortina rivals is operating at single-shift capacity of 29 cars an hour so Vauxhall will be faced with increasing imports of models from the Opel plant in Antwerp to meet demand.

So far the company has ruled out putting the Luton plant on double shift, or recruiting more workers. It wants first to establish firmly that demand will be sustained.

Theacid test for the Cavalier is expected in the autumn, when the launch is made of the successor to the Cortina, the British market leader, which took nearly 11 per cent of all new car sales last year.

Vauxhall has, however, brought down to Luton the first few of 100 workers expected from its Ellesmere Port plant, which makes the Astra and Chevette, to help to increase Cavalier output as much as possible.

Another reason for holding back on the expense of increasing shifts is Vauxhall's intention to break even next year and return to net profits in 1983. It lost £83.3m in 1980.

British Gas restructures senior management

By Ray Dafter, Energy Editor

BRITISH GAS Corporation has restructured its top management following the Government's decision to reduce the number of executive board members.

Five managing directors have been appointed from within the corporation for the main headquarters divisions.

The move follows the retirement of Mr Bryan Smith, the Member for marketing, and the non-renewal of the contract of Mr Geoffrey Roberts, Member for external affairs. Both jobs have been abolished on the orders of Mr Nigel Lawson, Secretary of State for Energy.

The new team will be: Mr James McHugh, managing director, production and supply; Mr William Jewers, managing director, finance; Mr Charles Donovan, managing director, personnel; Mr Ron Probert, managing director, marketing; and Mr Chris Brierley, managing director, economic planning.

Mr Jack Smith, deputy chairman and chief executive; Mr Gordon May, secretary and the five managing directors will form the group executive committee.

The reorganisation stems from the Government's plan to reduce the number and influence of executive directors.

Steel output up

STEEL production in Britain last year was 15.5m tonnes, with average weekly output in the second six-months 20.4 per cent up on the same period of 1980.

The 1981 total compares with 21.5m tonnes in 1979. The 1980 total of 11.2m tonnes is distorted by the effects of the three-month national steel strike.

Production between July and December averaged 291,200 tonnes a week. December output averaged 263,600 tonnes a week, an 18.3 per cent increase on December 1980.

Liquidation figures

THERE were 605 company liquidations in England and Wales in December, according to Department of Trade statistics published yesterday. This compares with 798 liquidations in November and 487 liquidations in December 1980.

Salem appeal

THE COURT OF APPEAL yesterday reserved judgment on the appeal by insurers of the cargo of the tanker Salem, against a Commercial Court ruling that the cargo was lost as a result of a peril against which the cargo owner, Shell International Petroleum, was insured. The tanker was scuttled off the West African coast.

M-way action

MOTORWAY campaigners seeking to protect the Dareuth Valley in Kent have asked a High Court judge to block the approved route for the Swanley to Sevenoaks sector of the M25.

The proposed route was announced in January and came as a blow to protectors whose alternative routes were rejected by the Environment Secretary.

More shoe jobs

NORWICH children's shoe manufacturer Start-rite is to provide 60 jobs, mainly for school-leavers. The company said orders for spring shoes were 18 per cent higher than a year ago.

Energy prices blamed as £132m plant slips out of Britain's grasp

Hazel Duffy, Industrial Correspondent, reports on BOC's major carbon graphite investment in the U.S.

THE $247m (£132m) investment in carbon graphite facilities to be undertaken by Airco (BOC's subsidiary in the U.S.) will account for almost a quarter of the BOC Group's planned investment worldwide over the next couple of years.

Most of that investment, like that announced by Airco yesterday, will be outside of the UK, giving one of the strongest indications of the determination to expand BOC's overseas interests.

Airco became part of the BOC group in 1978, and by roughly doubling the assets and turnover of the parent company, it pushed BOC into changing its strategy. Not least of the effects is the fact that it supplied its president, Mr Richard Giordano, to be the chief executive of the whole group working out of London. He has presided over a substantial slimming of capacity in industrial gases and welding products in the UK (welding products have also been slimmed in the U.S.), while divesting the group of interests considered peripheral to the mainstream businesses.

Airco's product range is similar to that of BOC in the UK and elsewhere, with the addition of carbon graphite. About 80 per cent of the output is for electrodes used in the increasingly popular electric arc furnace method of making steel. Carbon graphite is used also in foundry products, brushes for electrical equipment and shaping moulds. (Graphite stands up to high temperatures, severe thermal shock and corrosive chemicals.)

Airco has concentrated almost entirely on the U.S. market. Lack of capacity has precluded it from looking further afield despite the fact that electric arc furnace steelmaking is growing most rapidly in the developing countries.

The decision to build a new plant—after extending plants over the years—was taken two-and-a-half years ago. Exhaustive studies using consultants were made of potential locations and a site in Louisiana was chosen. It was abandoned at some cost when foundation problems were discovered.

The search resumed and Consett, Co Durham, became a leading contender, partly because of Airco's new "Britishness." Graphite electrodes for export worldwide could, at least theoretically, be made almost anywhere.

Mr Ian MacGregor offered British Steel Corporation's steel mill at Consett at an attractive price and the Government offered grants totalling about 40 per cent of the capital cost.

The rock on which the project foundered, according to Mr James Baldwin Airco senior vice-president, was energy prices. The production of carbon graphite is energy-intensive, using both electricity and natural gas. In Consett, says Mr Baldwin, Airco would have been paying 6-6.4 cents per kilowatt hour against 2.8 cents in South Carolina. "equivalent to paying the freight costs between South Carolina to Djakarta in Indonesia."

Sir Keith Joseph, then Industry Secretary, tried to persuade Airco to embark on a scheme with another major company to generate their own electricity. But Mr Giordano—who is discussing with the Gentral Electricity Generating Board the price of electricity used in its industrial gases business—says it would have been impossible to get the prices down sufficiently.

Airco's venture into what it clumsily calls "backward integration" — the production of needle coke which is the base material for carbon graphite—is a plunge into something which Airco executives agree they do not know much about.

The quality of the needle coke is becoming increasingly important, however, as the requirements of the steelmakers become more demanding. Price of needle coke is also a factor—Airco is only second in the U.S. in carbon graphite to Union Carbide and obviously does not get as good a deal from the coke producers.

The coke will be transported 1,500 miles to South Carolina. Airco would have liked the two plants to be adjacent; but Texas energy prices seem to be not much more favourable than those of the UK. On the other hand, the coke plant to be built near Houston is near the petro-chemicals manufacturers who supply the base for the needle coke.

By its own reckoning, Airco is fifth or sixth in the world league of carbon graphite producers, after Union Carbide, Sigri (owned by Hoechst and Siemens) and three Japanese companies.

The new plant and expansion at the existing plants in Pennsylvania and Niagara Falls will increase capacity initially by 20 per cent, later by 50 per cent. In five years carbon graphite will account for about 16 per cent of group capital assets.

Investment in gases, however, will be greater than carbon graphite, says Mr Giordano. This bedrock of BOC's business will account for about 60 per cent of assets in the mid-1980s.

The UK is the one area where BOC is not expanding in gases, because, says Mr Giordano, the big investments in the 1970s led to overcapacity.

There will be those who see in Airco's big capital spend a bias against the UK (Airco's profit record has been erratic over the years). But Mr Giordano emphasised at Airco's head office in New Jersey yesterday: "We are more opportunity-limited in the UK than finance-limited."

Interestingly, however, the slimmed UK interests look like being the most profitable part of the group this year.

Manchester aids small companies

BY NICK GARNETT, NORTHERN CORRESPONDENT

TWENTY-SEVEN small businesses, some with apparent export potential, have been set up with the assistance of a scheme organised by Manchester Business School and the Economic Development Corporation of the area's metropolitan council.

The companies, which have an estimated combined turnover of more than £1.5m, range from micro-electronic instrumentation to footwear and model kits.

The scheme, Greater Manchester Enterprise, involved a course of seminars from September 1980 to July 1981 on all aspects of setting up and running a company, and included assistance on funding and a competition for aspiring businessmen.

The scheme is thought to be the only one to combine advice and competition for individuals who already have a product idea. The business school hopes *a second course* will be sanctioned later this year.

The Greater Manchester Economic Development Corporation covered the cost of the venture, but the funding for the small businesses—some to the tune of more than £50,000—was provided by the banks, mainly Barclays.

One of the small companies—Epic Products—manufactures water purity samplers and already has £50,000 worth of orders.

The business school said yesterday that 20 of the 27 businesses were either wholly or mainly involved in manufacturing, 13 were concerned with new products and six had "high export potential."

So far, the new compaines have created 60 jobs but the business school said it was projected that this would rise to between 200 and 400 in the next three years.

The Department of Industry's small firms service has been assisting since the end of the involvement of the business school and the economic development corporation.

Mr David Watkins, director of the new enterprise centre, a teaching arm of the business school, said the results of the joint programme of assistance and competition in terms of job *creation* appeared to be greater than other comparable assistance *programmes*.

There were several hundred applications to join Greater Manchester Enterprise but its panel of businessmen and company specialists accepted slightly more than 50. The best 19 were involved in the competition, with a first prize of £12,000.

Recovery in hallmarking by Assay Offices

By James McDonald

THERE WAS a partial recovery in the hallmarking of gold, silver and platinum articles by Britain's four Assay Offices in London, Birmingham, Sheffield and Edinburgh last year, compared with the depressed levels of 1980.

During 1981, the Assay Offices hallmarked 19.3m gold, silver and platinum articles—3m, or 17.6 per cent, more than in 1980.

The joint committee of the Assay Offices of Great Britain says it is too soon to predict any long-term recovery. But in the fourth quarter of last year, the number of gold objects sent for assay, at 4.93m items, was 33.5 per cent greater than in the same period of 1980.

The combined weight of the four carat standards of gold hallmarked in the quarter was 40.8 per cent more than a *year before at 13,457 kilograms.*

The *total number* of silver articles hallmarked in the past *three months* of 1981, at just over 1m, was only 2.8 per cent more than in the same period of 1980.

By contrast, hallmarking of platinum wares declined in the fourth quarter of last year against the same 1980 period.

Thoughts of glittering prizes strain Alliance

BY IVOR OWEN

In the first of two articles on the Liberal/SDP Alliance in the West Country, Ivor Owen looks at how the 'spoils' will be divided

AS THE Social Democrats and *the Liberals* eye the glittering prizes potentially within reach of the Alliance in Devon and Cornwall, they resemble the two miners prospecting for gold who, shortly after teaming up, are strongly tempted to grip each other warmly by the throat.

It is a temptation which has been resisted so far but the strains attendant on sharing out the anticipated spoils, in terms of which winnable seats should be contested by Social Democratic or Liberal candidates, are still strongly in evidence and are likely to surface again when the area negotiations resume tomorrow.

Recognition by the SDP leaders that without more recruits from the Conservative benches in the Commons they will become increasingly vulnerable to the Prime Minister's charge that they are merely presiding over a mark II Labour Party lies behind the bitter conflict over the Bodmin constituency which, if not contained, could pose a threat to the future of the Alliance in the far South West.

Strategy

Dr David Owen, MP for *Devonport and former Foreign* Secretary, who set the pace in *the events which led to the* formation of the SDP, is the key figure in a *strategy* designed to entice Mr Robert Hicks, the left-of-centre Conservative MP for Bodmin, into its ranks.

Mr Hicks was a lone voice among the Conservative whips when he advised Mr Edward Heath *against calling* a general election in February 1974. The *vindication of his judgment saw* Bodmin, which he recaptured from the *Liberals in 1970*, return to them until he regained *it for the second time in* October 1974.

It is clear that, if Bodmin is allocated to the SDP, it will be used as the basis for a renewed "come and join us" appeal *to* Mr Hicks, *whose* unconcealed distaste for the harsher consequences of current Government policies and public acknowledgement of the role which a soundly based centre party *could* play in British politics, have made him a *leading target for SDP* recruitment.

Dr Owen has played no direct part in the area negotiations up to now. They have been dominated by the rumbustious Mr David Penhaligon, a *Liberal* folk hero since October 1974 when he won Truro—a seat which had been in Conservative *hands for nearly 25 years.*

He has taken the lead in *underlining the fact that in* three out of the last six general *elections the Liberals have* topped the poll in Bodmin, and *the patience of SDP representa*tives in the negotiations has been tried even further by his insistence that the Liberals should also have a clear run in four other grade one seats.

These are Truro, North Cornwall, North Devon and the new South Devon constituency which is expected to be carved out of the existing Totnes division.

If the SDP is to concede these demands the Liberals will have to provide a *quid pro quo* in some other part of the country. This was one of the major issues discussed at last week's "peace talks" in London.

Final outcome

The outcome was a change of emphasis in the guidelines framed for the seat-sharing negotiations designed to ensure that, overall, winnable constituencies are allocated in a way which is likely to lead to parity in the numbers of SDP and Liberal MPs in the Commons after the next general *election.*

Neither side will persist with demands *which imperil the* Alliance in the West Country, and the final *outcome* is likely to take account of the reality that most of rural Devon and Cornwall is prime Liberal territory.

But the SDP will not lose sight of the fact that although the Liberals always proclaim high expectations when the *electoral* tide is running against the Tories, they have never held *more than three seats* at any one time in Devon and Cornwall *since the Second World War.*

For all the protestations by *Liberal activists, it* is difficult to resist the conclusion that it *is* the *emergence of the* SDP and the formation of the *Alliance which has brought* the prospect of greater inroads *being made at the next* general election into the 13 Conservative held seats.

Most constituencies in the area *seem certain to* undergo boundary changes before the *end of the present Parliament* as part of the biggest exercise *for 150 years in* redrawing the political map of Britain.

This has introduced a further hazard into the complex task of *assessing the prospects for the* Alliance in a part of the country noted, largely because of its Liberal tradition, for not conforming with national voting patterns.

In what most Conservatives in the areas concerned regard as another instance of the perennial triumph of hope over experience, the SDP has already agreed to look beyond the grade one seats in the belief that it can snatch victories *in Exeter*, St. Ives—the seat of Mr John Nott, the Defence Secretary—and two Plymouth constituencies *in addition to* that to be contested by Dr Owen.

While scoffing at such far-reaching ambitions, leading Conservatives in the region candidly admit that, if the Alliance holds together, it can mount a formidable challenge in what they have previously regarded as "safe" Tory seats.

Morale among Conservative rank and file supporters in Devon and Cornwall is at a low ebb and the mounting effect of the severity of the recession on the all-important tourist industry, record bankruptcies among small businesses and the cash flow problems of those that *survive are* scars which talk of an upturn in the economy will *not easily remove.*

Nevertheless local Conservatives, *echoing* the words of senior ministers, are convinced *that there will be a dramatic* transformation in the party's *fortunes by the time*—still likely to be the best part of two years away—*Mrs Thatcher* decides to call an election.

Encouraging

The uncomfortable thought remains that in a "photo finish" the loss of seats in the West Country could play as big a part in her removal from *10 Downing* Street as it did in Mr Heath's *departure in 1974.*

The frequency with which Conservative *officials quote* Sir Harold Wilson's dictum that a week *is* a long time in politics provides an interesting example *of how,* as the pressure mounts, what was once regarded as a reprehensible example of deeply ingrained cynicism becomes an encouraging fact of poiltical life.

Authors win injunctions to stop sale of study-aids

BEST-SELLING authors Alan Sillitoe and Laurie Lee were *granted High Court injunctions* yesterday to stop the import *and sale of study-aids which,* they claimed, infringed the copyright in their works.

The injunctions were also granted to representatives of the estate of George Bernard *Shaw.*

But after imposing the ban, Judge Mervyn Dawies QC agreed to suspend its operation to *allow* negotiations between the authors and their publishers and distributors of the study-aids, McGraw-Hill Book Co.

McGraw-Hill has been sole distributor of the study-aids—entitled Coles Notes and imported from Canada—since April 1976.

It denied that the import and sale of three books of study notes—on Sillitoe's The Loneliness of the Long Distance Runner, Lee's Cider With Rosie and Shaw's St Joan—infringed the authors' copyright.

After reading the study aids, the judge said they reproduced *substantial parts of the original* works and were not within the *exemptions allowed in the Copy*right Act for "fair dealing" in works *for the purposes of* research or criticism.

He said it did not seem *right* that anyone should be allowed to put books on the market making "full and free use" of an original work without any reference to the copyright owner.

Mr John Mummery, counsel *for the authors, told the judge* that they agreed to the order *being suspended so that* negotiations could continue in an *attempt to reach a "commercial* arrangement" with McGraw-Hill.

The suspension will also allow McGraw-Hill to consider whether to appeal.

A lawyer for the authors and publishers said later that the action had concerned only three of about 60 titles in the Cole's Notes.

UK NEWS – LABOUR

Close poll likely over pit strike

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS began voting in their pay ballot yesterday amid conflicting predictions on the likely outcome.

The Naional Union of Mineworkers (NUM) believed that the result could be very close. Most of those prepared to forecast said that he union's call for strike mandate would be narrowly carried.

The poll result may not be known for at least a week because of late voting in the South Wales area where he snow has delayed the distribution of papers. Oher areas of the union will finish polling tonight. Counting by the Electoral Reform Society was due to start over the weekend but could be delayed.

The National Coal Board (NCB), which has mounted an unprecedented publicity campaign to persuade the miners to accept its 9.3 per cent offer, reckoned there was an even chance of the NUM failing to secure the 55 per cent majority constitutionally required o call a national strike.

But the apparent apathy of the miners over the issue could, it was felt, militate against acceptance of the offer since loyalty to the union might then be placed first.

Despite the NCB's efforts to warn the miners that they would win no increased offer by supporting the NUM, there were reports that many still believed that the board or the Government could weaken in the face of a strike threat.

On the other hand, straw polls at some usually militant collieries suggested that there was real fear of a strike causing many miners to vote against the union.

If the NUM wins the majority it is seeking, it will ask for a further negotiating meeting with the Board. And if turned down, it would probably then demand to meet Ministers.

But it was made clear by 10 Downing Street last night that the Government would stand well back from the issue. The Government does not regard this negotiation as akin to the issue last February when the threat of a strike and unofficial action in several big areas over pit closures sent Ministers into retreat and forced the addition of £300m to the NCB's public funding.

The biggest coalfield, Yorkshire, was list night predicted to deliver its customary rejection. But that rejection would need to be by 70 per cent o counter-balance predictable acceptances in many smaller, more moderate areas.

In Notinghamshire, an increasingly unpredictable area, the union was expecting a straight split among its more than 30,000 members who constitute the second largest NUM constituency. The 17,000 Durham miners could also break with tradition and vote to reject the offer.

Given even a narrow poll, a decision to reject the offer would leave the national executive committee—which voted 19 to 5 to seek authority for strike "if necessary"—little choice but to serve notice of industrial action if no more money is forthcoming.

Insurance group faces action over 7.8% offer

By Brian Groom, Labour Staff

GENERAL ACCIDENT insurance company faces the prospect of industrial action by both its staff unions over its "final" offer of a 7.8 per cent increase in salaries.

The Asociation of Scientific Technical and Managerial Staffs (ASTMS), which claims 5,500 of the 10,500 staff, is balloting its members on the offer after its section executive voted unanimously to reject it. ASTMS says it will regard rejection as a mandate to take selective internal sanctions.

The Association of Professional, Executive, Clerical and Computer Staff (Apex), which claims 1,200 members, has already announced a ballot. It is recommending an overtime ban and work-to-rule.

The company offer also includes a 0.7 per cent lump sum to be paid in July—a down-payment on bonus scheme payments which will be due after the end of the year. Last year's setlement was roughly 12.5 per cent.

ASTMS claims pay for some grades at General Accident is significantly below other companies. Apex emphasises the company's ability to pay and says it will not allow it to gain an advantage over competitors by settling for a low pay increase.

The unions point to higher settlements in other large companies. Royal Insurance staff have accepted a 10.75 per cent offer in a ballot, and a complex deal at Eagle Star provides rises of at least 9.94 per cent.

Negotiations so far at Guardian Royal Exchange, where the Banking, Insurance and Finance Union represents 6,000 of the 9,000 staff, have resulted in a 6 per cent offer on salaries and a 1.5 per cent cash bonus.

About 180 members of ASTMS at the Edinburgh head office of Scottish Provident Institution are refusing to answer telephones as a sanction against a final 8 per cent offer. They have had two walk-outs.

● A procedure agreement between Williams and Glyn's bank and the Banking, Insurance and Finance Union (Bifu)—hailed by the union when it was signed over five years ago as a major breakthrough in industrial relations —has lapsed without a new one being reached.

Tory unions oppose pay line

BY PHILIP BASSETT, LABOUR STAFF

CONSERVATIVE trade unionists are directly opposing their Government's political line over Civil Service pay by stating clearly that comparability with outside pay is "the only fair way" of fixing settlements for Britain's 530,000 white-collar civil servants.

The Government's scrapping of the Civil Service's 25-year-old pay system, based on comparability, led directly to last year's *five-month* strike.

However, the Conservative Trade Unionists' Civil Service group, in its evidence to the Government's inquiry into Civil Service pay, says: "It is essential to preserve a Civil Service which is apolitical and in which the best interests of the public can be served.

The group rejects the idea of only fair way of remunerating civil servants is by some system of comparability," although it recognises the difficulty of reconciling pre-determined cash limits with a system of fair comparisons.

The group's evidence to the inquiry, which is chaired by Sir John Megaw and is due to report by mid-summer, calls for civil servants to have for the first time, contracts of employment containing specific safeguards on pay and pensions. It says a new camparability-based system *should:*

● Be legally binding on all parties.

● Take into account the inevitably retrospective nature of comparability-based arrangements by establishing something like a profit-sharing annual bonus to make adjustments.

● Recognise the "highly sensitive" work of many civil servants, and the "political and travel restrictions" placed on them.

Teh group rejects the idea of regional or localised pay since this "would destroy the corpotate nature of the Civil Service."

Civil Service union leaders told the Government yesterday that its description of their 13 per cent pay claim as "unrealistically high" before any pay negotiations have started would increase civil servants' suspicion of the Government's intentions.

Mr Peter Jones, Council of Civil Service Unions' secretary, said in a reply to the Treasury letters: "We do not think it is consistent, either with the Government's earlier re-assurances or good industrial relations practice, to prejudge the merit of the council's claim before any form of joint discussion has emerged."

BL tractor workers not to fight plant closure

BY JOHN LLOYD, LABOUR CORRESPONDENT

PLANS BY workers at BL's tractor and truck factory at Bathgate to resist closure of the tractor manufacturing plant collapsed yesterday as the tractor workers refused to occupy their plant.

A mass meeting of the factory's 3,600 workers early yesterday voted to occupy the tractor plant in protest against BL's plan to hive off tractor production to a private company, Marshall and Sons of Gainsborough, Lincolnshire.

Mr Jim Swan, the plant convenor, said that the workers would occupy the plant to prevent machinery being moved out from Bathgate.

But BL said last night that representatives of the 800 tractor workers had approached management after the mass meeting and said they did not wish to resist closure. They had agreed to a phased programme of layoffs beginning today and ending next week.

About 1,300 of the Bathgate workers are to be made redundant as part of BL's plan to streamline truck production.

The Bathgate workers also objected to the replacement for the "Boxer" truck, built at Bathgate, being given to the BL plant at Leyland, in Lancashire.

However, the company said that the Bathgate plant would take over production of the Landtrain 65 tonne truck to complement its production of the 9—12 tonne Landmaster series.

Union rows still trouble Times group

By Our Labour Correspondent

Labour problems continue to beset Times Newspapers, as it became clear yesterday that the papers had lost some £9m in the half-year to the end of 1981.

Talks between Times management and representatives of the National Society of Operative Printers, Graphical and Media Personnel are continuing in an effort to resolve a differentials dispute which deprived the Sunday Times of 200,000 copies last Saturday night.

Mr Gerald Long, managing director of Times Newspapers, said last night that he did not believe there would be more industrial action. At the root of the dispute is a Natsopa claim on behalf of their machine assistant members for 87½ per cent of the new rate agreed with the machine managers, who are members of the National Graphical Association.

However, underlying that dispute is the deeper problem of bad relations between the two unions in the machine-room, which was to have been solved by the conclusion of a joint press room agreement between them. That plan averted closure of The Times last November. But since then, no progress has been made.

Sealink ferries resume

BY ANDREW FISHER AND BRIAN GROOM

SEALINK UK Ferries resumed normal sailings yesterday after the compromise deal on consultation and redundancies which ended a strike by 1,200 officers. But the sit-in aboard the threatened Senlac at Newhaven continues.

Meanwhile, Mr Len Merryweather, Sealink UK's new managing director, said yesterday that the company—a British Rail subsidiary—made a bigger loss in 1981 than the previous year.

Unlike other ferry companies, Sealink has given no first-half figures for last year nor indicated its overall progess.

He said there had been an upturn in the second half of last year, "but 1981 was worse than 1980." Sealink UK's total pre-tax loss in 1980 was £3.8m, though actual ferry losses were much higher.

Tyneside faces lorry go-slow

By Brian Groom, Labour Staff

THE FIRST industrial action in this year's pay round for lorry-drivers in the private hire-and-reward sector is fixed to start on Monday, when Tyneside drivers begin a work-to-rule.

Last weekend they overturned their negotiators' recommendation to accept an offer of at least 5.6 per cent on minimum rates.

Despite a strike threat by drivers in London and the South-East, haulage employers hope for a peaceful outcome to this year's pay round after four 6-7 per cent setlements so far in the 21 regional negotiations.

The South-Eastern drivers threaten a strike from January 25 if employers do not raise the 4.9 per cent offer to 8 per cent. Mr Jack Ashwell, national commercial transport secretary of the Transport and General Workers' Union, said a strike in the South-East might provoke similar action elsewhere.

There has been talk of a strike in South Wales against an 8.6 per cent offer, but the bad weather has delayed a decision. Scottish drivers are being recommended to reject a 6 per cent offer in a ballot.

There is confusion about the likely effects of the Tyneside drivers' work-to-rule. Union representatives say it will generally lead to working no more than a nine-hour day, but employers say that could break some contracts of employment and lead to sackings.

The unions taking the action are the TGWU and the United Road Transport Union. The General and Municipal Workers is expected to follow suit at a meeting tomorrow.

COMPANY NOTICES

DIVIDEND NOTICE
TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC CO.)
DESIGNATED COUPON NO. 44
(Action Required on or Prior to 30th April 1982)**

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th 1970 among Toshiba Corporation (formerly Tokyo Shibaura Electric Co., Ltd., the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan on 30th June 1981 such stockholders approved the payment of a dividend of 3 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese Taxes, has been received by the Custodian, as agent for the Depositary, and pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 215·215 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Coupon No. 44 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 44. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below.

DEPOSITARY'S AGENTS

Name	Address
Chemical Bank	Frankfurt, Germany.
The Bank of Tokyo, Ltd.,	London, England.
The Bank of Tokyo, Ltd.,	Paris, France.
The Bank of Tokyo, Ltd.,	Brussels, Belgium.
The Bank of Tokyo, Ltd.,	Frankfurt, Germany.
Pierson, Heldring & Pierson,	Amsterdam, The Netherlands.
Banca Nazionale del Lavoro,	Rome, Italy.
Banca Nazionale del Lavoro,	Milan, Italy.
Kredietbank S.A. Luxembourgeoise.	Luxembourg.

The following table sets forth the amounts payable upon presentation of Coupon No. 44 from the various denominations of Receipts.

Coupon No. 44 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese withholding tax)	Dividend payable (less 20% Japanese withholding tax)
1 Depositary Share	$ 0.59	$ 0.55
10 Depositary Shares	$ 5.89	$ 5.54
50 Depositary Shares	$29.48	$27.74
100 Depositary Shares	$58.96	$55.50

Payment in United States Dollars in respect of Coupon No. 44 will be made by United States Dollar cheque drawn on, or transfer to a United States Dollar account maintained by the payee with, a bank in New York City.

Dated: 15th January 1982

CHEMICAL BANK, as Depositary
180 Strand,
London WC2, ENGLAND.

* 30th September 1981 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 44 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 30th November, 1978 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 44.

As a result, persons surrendering Coupon No. 44 after such date will be entitled to receive from the Depositary of any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

OLYMPUS OPTICAL COMPANY, LTD.
(Olympus Kogaku Kogyo Kabushiki Kaisha)

S. G. WARBURG & CO LTD., as Depositary hereby gives notice that the Ordinary General Meeting o. Stockholders of Olympus Optical Company, Ltd., will be held in Tokyo, Japan, on 29th January, 1982.

The following proposals are included in the Notice of the Meeting:—

1. To approve the Report and Accounts for the 113th business term (1st November, 1980, to 31st October, 1981).
2. To approve partial changes to the Company's Articles:—
   (a) Changes required because of the recent amendment of the Commercial Code of Japan.
   (b) Increase in the numbers of both directors and statutory auditors.
3. The election of seventeen directors due to the expiration of the term of office of all the directors.
4. The election of two auditors to fill vacancies due to the resignation of two auditors.
5. The revision of the remuneration for directors and auditors.
6. The granting of a gratuity to retiring auditors.

Holders of Bearer Depositary Receipts wishing to exercise their voting rights through the Depositary must complete a Form of Proxy by not later than 25th J.nuary, 1982. Forms of Proxy are available at the offices of the Depositary in London or any Sub-Depositary named in Paragraph (2) of the Bearer Depositary Receipt.

S. G. WARBURG & CO. LTD.
30, Gresham Street
London EC2P 2EB
as Depositary

15th January, 1982

LAFARGE COPPEE
Paris
NOTICE TO HOLDERS OF CONVERTIBLE BONDS
11.25% - 11.50% 1981/1991

The Ordinary Meeting of the General Assembly held on the 21st December 1981 nominated the following two people to represent the "Masse":—

—Mr Andrew Jameson, 13, rue de Washington, 75008, Paris, France
—Mr Yves Meyniel, 4, rue des Garennes, 78400, Châtou, France

The meeting also designated two substitutes who will be called upon should the appointed representatives find themselves unable to carry out their duties. They are:—

—Mr Robert Beunet, 96, rue Aristide Briand, 92300, Levallois-Perret, France, substitute for Mr A. Jameson.
—Mr Charles Farriol, 6 rue de Leibniz, 75018, Paris, France, substitute for Mr Y. Meyniel.

BOARD OF DIRECTORS

BRAZILIAN EQUITY HOLDINGS S.A.
Registered Office:
LUXEMBOURG, 15 Rue Aldringen

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The annual general meeting of shareholders in 1982 will be held at 27 Avenue Monterey, Luxembourg on 1 February 1982, at 11.45 a.m. for the purpose of considering and voting upon the following matters:

1 To hear and accept the reports of:
  (a) the directors;
  (b) the statutory auditor.
2 To approve the balance sheet and the profit and loss account for the financial year ended 30 September 1981.
3 To decide on the reduction of the share premium account.
4 To discharge the directors and the auditors with respect to their performance of duties during the financial year ended 30 September 1981.
5 To approve the payment of the directors' fees.
6 To elect the directors to serve until the next annual general meeting of shareholders.
7 To elect the auditor to serve until the next annual general meeting of shareholders.
8 Miscellaneous.

The shareholders are advised that no quorum for the annual general meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part in the general meeting of shareholders of 1 February 1982, the owners of bearer shares are required to deposit their shares three business days before the meeting at the registered office of the company or with Banque Générale du Luxembourg S.A., 27 Avenue Monterey, Luxembourg.

Bearer or registered shareholders should lodge their proxies with the company three business days before the meeting.

THE BOARD OF DIRECTORS

WORLDINVEST INCOME FUND
DIVIDEND ANNOUNCEMENT DECLARATION OF DIVIDEND NO. 10

The Trustees of Worldinvest Income Fund are pleased to announce a U.S.$7.00 per share distribution to Shareholders in respect of the half-year period from 26th June 1981 to 31st December 1981.

Coupon No. 10 and also any previously unpresented coupons may be presented for payment on or after 1st February 1982 to any of the following Paying Agents:

Bank of America NT & SA,
Hong Kong Branch,
St. George's Building,
No. 1 Ice House Street,
Hong Kong, B.C.C.

BankAmerica Trust and Banking Corporation (Bahamas) Limited,
50 Shirley Street,
Nassau, Bahamas.

Bank of America International S.A.,
35 Boulevard Royal,
Luxembourg.

BankAmerica Trust Company (Jersey) Limited,
Union House, Union Street,
St. Helier, Jersey,
Channel Islands.

Payment will be made subject to any applicable fiscal or other regulations within fourteen days of such presentation.

BANKAMERICA TRUST COMPANY (JERSEY) LIMITED

HITACHI ZOSEN KABUSHIKI KAISHA
U.S.$7¾ PER CENT GUARANTEED NOTES DUE 1984

The Company announce that the redemption instalment of U.S.$8,000,000 principal amount of Notes due 15th February, 1982, has been met by purchases in the market to the nominal value of U.S.$576,000 and by a drawing of Notes to the nominal value of U.S.$7,424,000.

The distinctive numbers of the Notes so drawn will be published on 22nd January 1982 in the "Financial Times" and the "Luxemburger Wort."

HITACHI ZOSEN KABUSHIKI KAISHA

15th January, 1982.

GRANGES AB
THE GRANGESBERG COMPANY
8½% Loan 1989

S. G. WARBURG & CO. LTD. announce that the annual instalment of Bonds for a nominal value of U.S.$1,000,000 have been purchased for the redemption instalment due on the 15th February, 1982.

U.S.$7,000,000 nominal amount of Bonds will remain outstanding after 15th February, 1982.

30 Gresham Street,
London EC2P 2EB

15th January, 1982

60,000,000 European Composite Units
EUROPEAN INVESTMENT BANK
8% Bonds of 1974, due 1989

NOTICE IS HEREBY GIVEN that the amount to become due against coupons No. 8 dated 18th January 1982 for the above Bonds is DM 200.4336 per coupon or, in the case of coupons in respect of which valid selection of another currency of payment has been made U.S.$87.8656 per coupon.

EUROPEAN INVESTMENT BANK

IRELAND
US$8½% Bonds 1989

S. G. WARBURG & CO. LTD., announce that the annual instalment of bonds due for redemption on 15th February, 1982, for a nominal value of U.S.$1,500,000 has been met by purchases in the market.

U.S.$12,000,000 nominal amount of bonds will remain outstanding after 15th February, 1982.

30 Gresham Street,
London EC2P 2EB

15th January, 1982

PUBLIC NOTICES

HERTFORDSHIRE BILLS

£3m Bills. From 13.1.82 to 14.4.82 at 14⁹⁄₁₆%. Appln. £21m. £11m outstanding.

CLWYD BILLS

£2m Bills. From 12.1.82 to 13.4.82 at 14⁹⁄₁₆%. Appln. £12m. £10m outstanding.

BOURNEMOUTH BILLS

£1.1m Bills. From 13.1.82 to 14.4.82 at 14¹⁹⁄₃₂%. Appln. £5.5m. None outstanding.

BLACKBURN BILLS

£0.8m Bills. From 13.1.82 to 14.4.82 at 14¹⁹⁄₃₂%. Appln. £6.4m. None outstanding.

EDINBURGH BILLS

£1.5m Bills. From 13.1.82 to 14.4.82 at 14½%. Appln. £11.5m. £5.9m outstanding.

ROCHDALE METROPOLITAN BOROUGH COUNCIL

£5,800,000 Bills issued 13th January 1982 maturing 21st April 1982 at 14¹⁹⁄₃₂%. Applications totalled £39,400,000. These are the only Bills outstanding.

METROPOLITAN BOROUGH OF WOLVERHAMPTON

£10,000,000 91-Day Bills issued 13th January 1982, due 14th April 1982, allocated as follows: £5,000,000 at 14.5625% and £5,000,000 at 14.50375%. Applications totalled £55m. These are the only Bills outstanding.

PUBLIC NOTICES

STOKE BILLS

£1 1m Bills. From 13.1.82 to 14 4.82 at 14¹⁹⁄₃₂%. Appln. £4.4m. None outstanding.

ROTHERHAM BILLS

£3m Bills. From 13.1.82 to 14.4.82 at 14¹⁹⁄₃₂%. Appln. £19m. £5m outstanding.

NOTICE OF REDEMPTION
To the Holders of

Plywood-Champion International Finance Company
5¼% Convertible Guaranteed Debentures due 1983

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 15, 1968 providing for the above Debentures, $216,000 principal amount of said Debentures have been selected for redemption on February 15, 1982 (the "Redemption Date"), through operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date, as follows:

Those outstanding Debentures of $1,000 each of prefix "M" bearing numbers ending in the following two digits:

05 12 13 15 34 36 48 53 58 64 70 71 79 81 84 93

And Debentures of prefix "M" bearing the following numbers:

1609 4709

On February 15, 1982, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the Redemption Date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London or Paris; Banca Vonwiller & C. S.p.A. in Milan; Banque Bruxelles Lambert S.A. in Brussels; and Banque Internationale à Luxembourg S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due February 15, 1982 should be detached and collected in the usual manner.

On and after February 15, 1982 interest shall cease to accrue on the Debentures herein designated for redemption.

Debentures are presently convertible into Common Stock of Champion International Corporation (formerly U.S. Plywood-Champion Papers Inc.), at the offices mentioned above, at the rate of 37.38 shares of such Common Stock for each $1,000 principal amount of Debentures.

The right to convert any of the above Debentures called for redemption will expire at the close of business on the Redemption Date.

Plywood-Champion International Finance Company

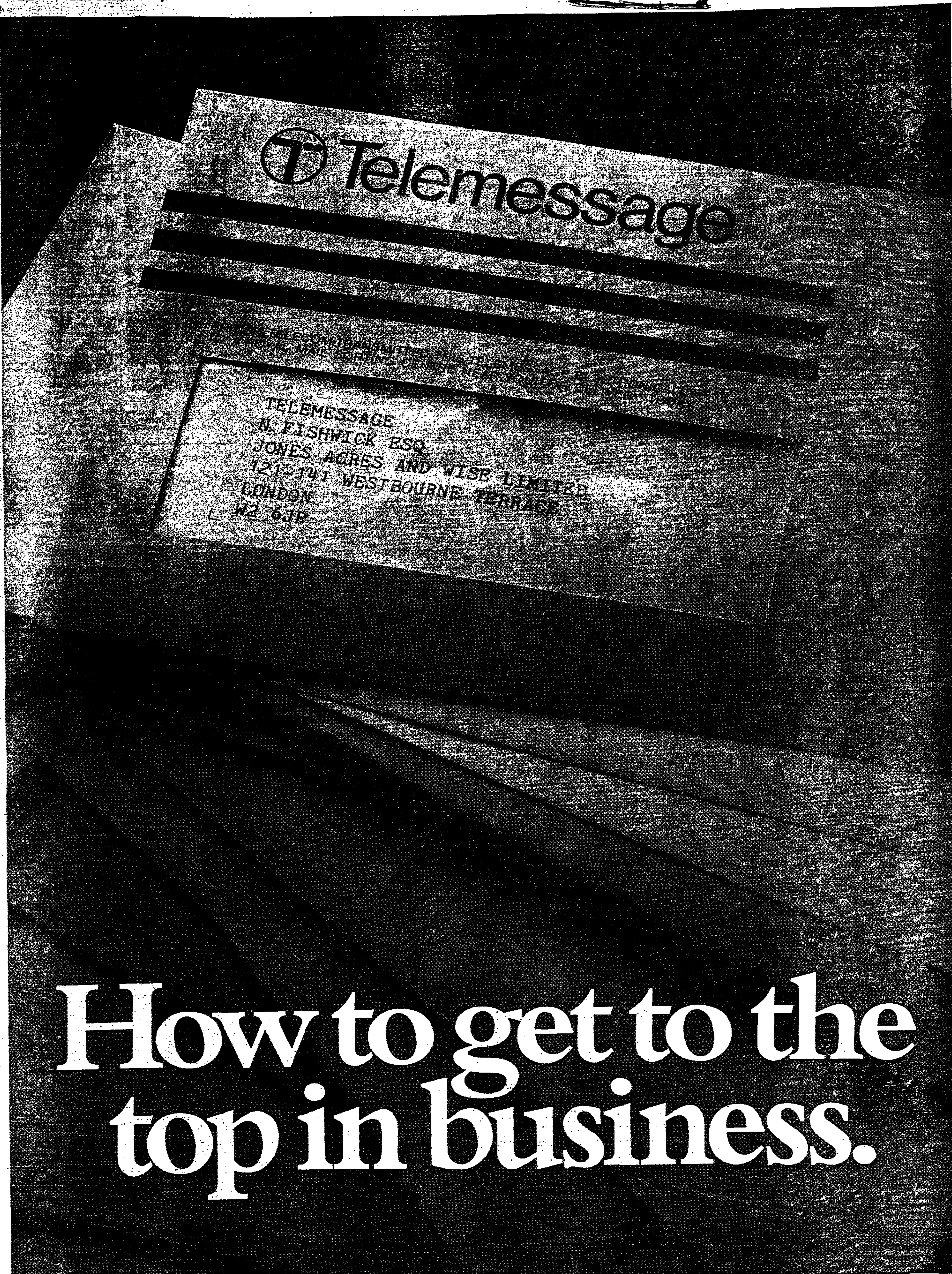
Dated: January 15, 1982

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M 166 204 205 230 306 706 722 752 761 766 767 861 866 885 1052 1054 1085 2582 4676 5037 5487 7369 7376 7706


Telemessage
TELEMESSAGE
N. FISHWICK ESQ
JONES ACRES AND WISE LIMITED
121-141 WESTBOURNE TERRACE
LONDON
W2 6JB
How to get to the top in business.

TECHNOLOGY

EDITED BY ALAN CANE

Nuclear scale model cost $5m to build

BY DAVID FISHLOCK, SCIENCE EDITOR

A REMARKABLE scale model of a nuclear power station is nearing completion in Gaithersburg, Maryland, a few miles from Washington DC. Built at a cost of about $5m, this visual aid is the guiding star of a thousand discussions by groups of scientists, engineers, plant operators, even government nuclear inspectors.

In the next year or two, until its own is ready, this model is likely to become increasingly important to the British nuclear industry, as plans advance for the first power station based on the pressurised water reactor (PWR).

The Government is expected to decide this week if and when to proceed with a public inquiry into Sizewell B, the UK's first PWR project, seen as the precursor for a series of such reactors.

The special requirements of the Central Electricity Generating Board and the government's nuclear inspectors will add an estimated $160m to the cost of Britain's first commercial PWR.

This was the figure given to the British Nuclear Energy Society by Mr J. C. C. Stewart, PWR project director for the National Nuclear Corporation (NNC), before his retirement last month.

The base line for Mr Stewart's calculations was the design depicted by the American model. The difference in price reflected "our national requirements in engineering standards, appropriate safeguards provisions, and our operating experience."

The model is at the East Coast design offices of Bechtel Corporation, the architect-engineers who, together with Westinghouse Electric, the PWR designers, are helping the NNC to design Sizewell B.

Commissioned

Both companies are represented at top level on the steering committee behind the task force set up by the Department of Energy last summer to expedite progress on the Sizewell B project.

The model depicts a concept called SNUPPS, or standardised nuclear unit power plant system. This is an 1,100 MW power station being engineered for several U.S. electricity companies. The model was commissioned and paid for by three of these companies: Union Electric, Kansas Gas and Electric, and Kansas City Power and Light. Two of these utilities have power stations of SNUPPS design in an advanced stage of construction. One, Callaway, in Missouri, is the reference design for the Sizewell B project.

The model, of 1/16th scale—¾-inch to the foot—is built of Styrofoam, Plexiglas and acrylic resin components. It fills a very large room.

Every significant engineering detail down to the hangers and restraints for many miles of pipework appears in the model. A standard code of 11 different colours is used to distinguish, for instance, conventional plumbing (black) from nuclear class I pipework (red).

All valves are numbered, pipe-welds requiring in-service inspection are tagged, and the boundaries between sections of pipework which have been pre-assembled are identified.

Bechtel claims that the model reflects "nearly all" the physical design information its engineers have developed. It has built in sections small enough to pass through an ordinary door. Normally, a discussion takes place round a particular section but when necessary the dozens of sections can be assembled into one complete model of a nuclear station.

Components

The main tasks of the model are to act as a final design check for the layout of pipework and electrical cables; and to serve as a three-dimensional tool for the location and design of small components.

It is accurate enough to use as the source of photo-composite drawings used to help the construction, particularly in sequencing and job planning.

According to Bechtel, the model has proved especially valuable in the engineering of SNUPPS, the first serious U.S. attempt to standardise a light water reactor power station design, and thus smooth the process of nuclear regulation.

They say it simplifies design in congested areas, quickly pinpointing available space.

The model speeds responses to changes during construction, and can help to evaluate the effects of delays in delivering materials or parts. It also proves useful in training engineers, especially those inexperienced in reading engineering drawings and visualising them in three dimensions.

Awkward and unsightly supports or layouts are readily apparent. Major sub-contractors such as suppliers of the turbo-generators also use it to help lay out their pipework.

The model has also proved its worth in design reviews, for safety assessment or access for maintenance and repair, for example. One Bechtel engineer observed that the model permitted staff from the U.S. Nuclear Regulatory Commission to complete in nine months what normally would have taken two years.

The model is expected to be used by its owners, the electricity companies, to help train their operators and to plan maintenance programmes.

Britain's painful experiences in building the first five advanced gas-cooled reactor (AGR) stations, all of which required major design changes while the stations were under construction, have convinced the NNC of the value of a SNUPPS-type model.

Negligible

Although costly, the expense is a negligible proportion of the total cost of the project. Mr Stewart estimated that the "power block" alone for Sizewell B — that is, the station excluding site civil works, engineering, owner's costs, first fuel load, and interest charges during construction — would be $940m at June 1981 prices. (The total cost could be about 50 per cent higher.)

The NNC is, therefore, building its own counterpart of the SNUPPS model, including the modifications to British standards of safety, for what essentially is the same 1,100 MW PWR station.

The British model will be slightly smaller, 1/20th scale, but otherwise just as detailed as the Gaithersburg model.

As a foretaste of the effort the company is investing in model engineering, Mr Stewart displayed a smaller model, 1/33rd scale, to the British Nuclear Energy Society.

But NNC executives will not be surprised if, at some stage during the forthcoming public inquiry, the inquiry inspector decides to visit the bigger model in the design offices at Whetstone.

MR James Stewart, until recently PWR project chief for the National Nuclear Corporation (right) and Lord Thurso discuss the I: 33 scale model of the Sizewell B pressurised water reactor.

Protection with a single coat

SINGLE COAT painting instead of the traditional three coat micaceous iron oxide system normally used for the long-term protection of iron and steelowrk against corrosion is now possible, according to TKS, the Kent manufacturers of decorative and industrial paints.

(Micaceous iron ore is a variety of specular haematite which is foliated or which simulates mica in flakiness). After processing the oxide is used as a paint pigment, one of the properties of which is to make it highly impermeable to water thus inhibiting rust formation.

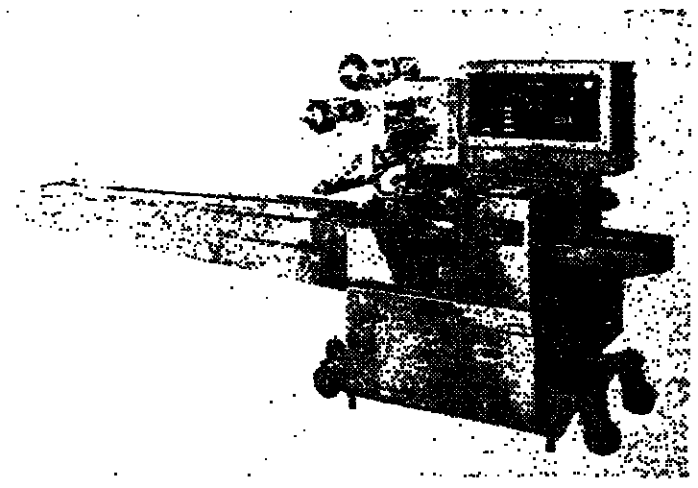
Conventional

TKS has developed a new coating, Monolac UHB, which incorporates the oxide into what it describes as a "high build medium" and, which applied unthinned wil result in one coat cover equal to a conventional three-coat system.

Monolac, the company says, cannot be thinned easily using conventional thinners. Labour, scaffolding and other charges could show a saving of up to 30 per cent.

TKS is at Bush Road, Cuxton, Rochester, Kent. (0634 70601).

MAX COMMANDER



Japanese wrapper in UK

THE FUJI horizontal flow wrapping machine, which is microprocessor controlled, is now available in a variety of models from the Japanese company's agents, Skerman Promac, 162, Windmill Road West, Sunbury-on-Thames, Middx (09327 89646). Where wet environments are involved the machines are available in stainless steel. The latter can be fitted with inert gas flushing devices to extend the shelf life of products and models for speeds from 80 to 1,000 packs per minute.

How to make Buzby unhappy

BY ALAN CANE

MAKE someone happy—give them a ring and pass on some surreptitious information with the friendly chit-chat.

Buzby might not approve, but this is the idea underlying some recent research by two scientists at Bell Labs, the most prestigious telecommunications laboratory in the U.S.

Dr Raymond Steele, formerly of Marconi and Loughborough University and Diane Vitello reasoned that speech transmitted over a telephone line could be used to carry digital information, using a novel variation on scrambling techniques.

Conventionally, data is transmitted over telephone lines in the form of analogue audio signals; a modulator is used to generate analogue signals from digital information and a demodulator to turn the analogue signals back into digital pulses.

Steele and Vitello had been working on voice scrambling techniques requiring a scrambling key to control distortion of the voice and an unscrambling key to control recovery of the signal.

They wondered if the scrambling key itself could become the data to be transmitted: "The receiver adopts the role of codebreaker. Every time the receiver correctly guesses the key and breaks the code, it recovers both voice and data."

Researchers

It meant using a simple, easily broken, key giving only a modicum of security for the voice traffic. If the data signal was a logical 0, the speech samples were transmitted without modification; if a logical 1, the signal was scrambled by frequency inversion.

The Bell researchers were able to achieve data transmission rates as high as 700 bits a second in an ideal channel without data errors or speech distortion, although only 126 bits a second could be achieved without data errors when background and channel noise were added.

Steele and Vitello comment: "Every time the receiver guesses the key, it obtains the correct data and correct speech. The speech is made an unwitting data carrier, while the data gets a free ride."

The implications, they say, are considerable. Continuous users of providers of telephone traffic can, for the expense of additional terminal equipment, surreptitiously transmit teleprinter data.

The method will work with speech, television, facsimile and analogue-plant control signals like pressure and temperature variations.

Safety 'phone kiosks for use in hazardous areas

CABLEWAYS of Stonehouse, Glos., has introduced a telephone kiosk for use in hazardous areas. A feature is that the kiosk comprises bolt on sections which will pass through a space of 850mm by 150mm thus allowing easy access to confined areas in such places as oil platforms or petrochemical plants.

The kiosks, it is claimed, can be assembled on site in 30 minutes. Designed for use in very high noise areas, sound insertion losses average 37dB over frequencies critical to speech showing a reduction of more than 90 per cent of perceived noise.

Kiosks can be supplied with 'phones, payphones, bells, flashing lights, all safe for use in Zones 2, 1 and 0, and weathershields for outdoor use.

Cableways is at Oldends Lane, Stonehouse (045382 4341).

Transducers can withstand 250ft.

SIX additional models in the RDP Electronics range of submersible displacement transducers have been introduced. The company says that measuring ranges are smaller than previous models to cover plus or minus 1.0, 2.5 and 5.0 mm

Three of the units are available in precision gauging form where the armature is spring-loaded

The transducers are of stainless steel and with a hermetically sealed cable attachment can withstand submersion to 250 ft.

RDP is at Grove Street, Heath Town, Wolverhampton (0902 57512).

Gate to seal paths and roads

FRONTIER Gate Company of Birmingham, which specialises in the design and manufacture of security barriers, has developed a gate which is able to seal off pedestrian and traffic in a single closing movement.

Designed for use where a road and footpath run alongside, the gate is pivoted so that access can be shut off in one movement.

Frontier is at Tubeform Works, Cardigan Street, Birmingham (021 359 6618).

TELEVISION

BBC 1

9.00 am For Schools and Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.02 For Schools, Colleges. 3.15 Dechrau Canu, Dechrau Canmol. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Captain Caveman. 4.30 Think Again. 4.55 Grange Hill. 5.20 The Amazing Adventures of Morph. 5.25 Welcome to Wodehouse.

5.40 News.
6.00 Nationwide (London and South East only).
6.22 Nationwide.
7.00 The Superteams.
8.00 Fame is the Spur by Howard Spring.
8.50 Points of View with Barry Took.
9.00 News.
9.25 Miss Great Britain 1982 introduced by Henry Kelly and Ray Moore from the Cunard Hotel, London.
10.15 Face the Music with Joseph Cooper (London and South East only).
10.45 News Headlines.
10.50 The Late Film: "A New Leaf," *starring* Walter Matthau and Elaine May.

Chris Dunkley: Tonight's Choice

Best bet is the 1970 movie, **A New Leaf**, on BBC-1, written and directed by Elaine May, who also stars, opposite Walter Matthau, at his droll best as a suicidal epicurean who has spent his fortune. It may be that the BBC is offering an intriguing contrast at 9.25, though that is only a hypothesis. BBC-2 screens ***Miss Great Britain 1982***, a programme for which you have to thank, or blame, a pretty oddly assorted trio: the town of Morecambe, The Daily Star and the BBC. The programme is produced by a man, introduced by two more men, and is presumably aimed at men, since the contestants are all good-looking women, though newspaper surveys suggest that women pay at least as much attention as men to cheesecake pictures and I suspect the same goes for televised beauty contests.

Simultaneously, BBC-2 shows the play, **A Silly Little Habit**, which is written by a woman, produced by a woman, directed by a woman, and features an all-woman cast. Under feminist reasoning, this qualifies it as a programme driving towards greater equality. All the promotion material is coy about the nature of Daphne's "silly little habit," but, since we are told she is the lady who has everything, it will not be *astounding* if it is shoplifting (or theft, as we say).

BBC 2

11.00 am Play School.
3.55 pm Around With Alliss.
4.25 Images of War.
4.45 Flying High.
5.15 Trail and Sail.
†5.40 "The Adventures of Sherlock Holmes," starring Basil Rathbone.
7.00 Oxford Road Show.
7.35 News Summary.
7.40 Hold Down a Chord.
7.55 In the Country.
8.25 Newsweek.
9.00 Darts: Embassy World Professional Championship.
9.25 Playhouse.
10.15 The Teesdale Mercury.
10.45 Newsnight.
11.30 Darts.
11.55 Friday Night . . . Saturday Morning.

LONDON

9.30 am Schools Programmes. 11.55 Comic Stores. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Simply Sewing. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. 2.45 Friday Matinee: "Pearl of the South Pacific." 4.15 Dangermouse. 4.20 Storybook International. 4.45 Jukes of Piccadilly. 5.15 Square One.

5.45 News.
6.00 The 6 O'clock Show presented by Michael Aspel, with Janet Street-Porter and Fred Housego.
7.00 Bruce Forsyth's Play Your Cards Right.
7.30 *Hawaii Five-O.*
8.30 Shine on Harvy Moon.
9.00 The Gentle Touch, starring Jill Gascoine.
10.00 News.
10.30 Bizarre.
11.00 The London Programme presented by Andrew Phillips.
11.35 Soap.
12.05 am Paris by Night.
12.30 Close: Personal Choice with Ginette Spanier.

† *Indicates programme in black and white*

All IBA Regions as London except at the following times:

ANGLIA
1.20 pm Anglia News. 2.45 Friday Film Matinee: "The Love Match." 6.00 About Anglia. 7.30 The Fall Guy. 11.00 Members Only. 11.30 Friday Late Film: "*Ghost Story.*" *1.05 am Birgitta and* Swante.

BORDER
1.20 pm Border News. 2.45 Film: "The Constant Husband," starring *Rex Harrison and Kay Kendall.* 6.00 Lookaround Friday. 6.30 Does the Team Think. 7.30 The Fall Guy. 10.30 Your MP. 11.00 Bizarre. 11.30 Border News Summary.

CENTRAL
1.20 pm Central News. 2.45 The Ngaio Marsh Mystery. 6.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 Invitation to Terror: "Crucible of Terror."

CHANNEL
11.55 am Look and See. 1.20 pm Channel Lunchtime News 2.45 The Friday Matinee: "Hell's Island." 5.15 Emmerdale Farm. 6.00 Channel Report. *6.30 Clapperboard. 7.30 Lou Grant.* 10.28 Channel Late News. 10.35 Aujourd'hui en France. 10.40 Mysterious Tales. 10.45 Three's Company. 11.15 Continental Cinema: "The Slightly Pregnant Man." 12.45 am News and Weather in French.

GRAMPIAN
9.30 am First Thing. 1.20 pm North News. †2.45 Friday Matinee: "The Big Job," starring Sidney James, *Sylvia Syms, Dick Emery and Joan* Sims. 6.00 North Tonight including Sports Desk. 7.30 The Fall Guy. 10.30 Feature Film: "I Don't Want to be Born," starring Joan Collins. 12.15 am North Headlines.

GRANADA
11.54 am Wattoo Wattoo. 1.20 pm Granada Reports. 2.00 Live From Two. 2.45 Friday Matinee: "Contraband *Spain.*" *6.00 Granada Reports.* 6.30 Kick Off. 7.30 The Fall Guy. 11.00 A Week on Friday. 11.30 For Adults Only.

HTV
11.50 am Cartoon Time. 1.20 pm HTV News. †2.45 "Storm in a Teacup," starring Vivien Leigh and Rex Harrison. 5.15 Benson. 6.00 HTV News. 6.30 Mr and Mrs. 7.30 The Fall Guy. 10.23 *HTV News.* 10.30 "The Virgin and the Gypsy," starring Franco Nero.

HTV CYMRU/WALES—As HTV WEST except: 11.34-11.49 am About Wales. 12.00-12.10 pm Flalabalam. 4.15-4.45 Plant Yr Anllyddion. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH
1.20 pm News and Road and Weather. †2.45 Friday Matinee: "Murder She Said," starring Margaret Rutherford. 5.15 Emmerdale Farm. 6.00 Scotland *Today. 6.25 Sports Extra. 6.45 Hear* Here. 7.30 Thingummyjig. 10.30 Ways and Means. 11.00 Bizarre. 11.30 Late Call. 11.35 The Streets of San Francisco.

TSW
11.55 am Look and See. 1.20 pm TSW News Headlines. 2.45 "Hell's Island. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South West. 6.30 What's Ahead. 7.30 Lou Grant 10.32 TSW Late News. 10.35 Postscript. 10.40 Mysterious Tales 10.45 Three's Company 11.15 Continental Cinema. "The Slightly Pregnant Man." starring Marcello Mastroianni and Catherine Deneuve. 12.45 am South West Weather.

TVS
1.20 pm TVS News. 2.45 Friday Matinee: "Lost in the Desert." 5.15 Watch This Space . . . *It's Nearly* Saturday. 5.20 Coast to Coast. 6.00 Coast to Coast (continued). 6.30 Friday Sportshow. 7.30 The Fall Guy. 11.00 The Street Where I Live (an evening with Alan Jay Lerner). 12.00 Police Surgeon. 12.30 am Company.

TYNE TEES
9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. †2.45 Friday Matinee: "Green for Danger." starring Alastair Sim. Trevor Howard and Leo Genn. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life with Tom Coyne. 7.30 The Fall Guy. 10.30 North East News. 10.32 Thriller: Appointment with a Killer." 12.00 Superstar Profile. 12.30 am Poet's Corner.

ULSTER
1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Hear Here. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Different Strokes. 7.30 The Fall Guy. 10.29 Ulster Weather. 10.30 Witness. 10.35 Lou Grant. 11.30 Bedtime.

YORKSHIRE
1.20 pm Calendar News. †2.45 Friday Film Matinee: "Murder She Said," starring Margaret Rutherford. 6.00 *Calendar (Emley Moor and Belmont* editions). 6.30 Calendar Sport. 7.30 The Fall Guy. 11.00 Thriller: Hayley Mills in "Only a Scream Away."

RADIO

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1
5.00 am As Radio 2. 7.00 Mike *Read. 9.00 Simon Bates.* 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2
5.00 am News. 5.02 Cricket Desk. 5.03 Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.02 pm Cricket Desk. 12.03 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 David Symonds with Much More Music (S). 8.00 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 Listen *to Les with Les Dawson.* 10.30 The Bing Crosby Show. 11.02 Sports Desk. 11.15 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour. 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. *8.05 Morning Concert (continued).* 9.00 News. 9.05 This Week's Composer: Scriabin (S). 10.00 The Lute Group (S). 10.25 Louis Gottschalk piano recital (S). 11.15 Mozart and Martinu, string quartet recital (S). 12.15 pm Midday Prom (S). 1.00 News. 1.05 Interlude. 1.20 Midday Prom, part 2 (S). 2.05 Edmund Rubbra (S). 3.00 The Segovia International Guitar Competition (S). 4.00 Choral Evensong (S). 4.55 *News.* 5.00 *Mainly for* Pleasure (S). 6.55 Play it Again (S). 7.00 Holst: Suite No. 2 in F played by the London Wind Orchestra (S). 7.15 Shall I Call Thee Bard? (S). 7.45 *Music of Eight Decades, part 1 (S).* 8.30 A Letter from New York (Nicholas Kenyon on the musical scene in New York). 8.50 Concert, part 2 (S). 9.30 Experiments Three by Peter Handke (reading). 9.45 BBC Scottish Symphony Orchestra (S) 10.45 The Mutilation of Hercules by Kenneth Hudson (S) 11.00 News. 11.05-11.15 An Invitation to a Dream (S).

MEDIUM WAVE as VHF except: 7.05-11.75 *am* Cricket: Fifth Test. India v England.

RADIO 4
6.00 am News Briefing. 6.10 Farm*ing Today. 6.25 Shipping Forecast.* 6.30 Today. 8.45 The Widower by Georges Simenon. 9.00 News. 9.05 Desert Island Discs. 9.45 Ebdon's England. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Black Ships. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Word! (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.05 Poetry Please! (S). 4.15 Modern Russian Writers. *4.45 Story Time. 5.00 PM: News maga*zine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.[illegible] Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. *11.15 The Financial World Tonight.* 11.30 Alan Ladd Doesn't Steal Horses. 11.45 Friday Treat (jazz, blues and gospel). 12.00 News.

FT COMMERCIAL LAW REPORTS

Trading accounts irrelevent to rent assessment

W. J. BARTON LIMITED v LONG ACRE SECURITIES LIMITED

Court of Appeal [Lord Justice Lawton, Lord Justice Brightman and Lord Justice Oliver: December 21, 1981].

Where a business tenant applies to the court to renew his lease, the court will generally assess the rent by reference to comparable rents in the area, and evidence of the tenant's trading records is inadmissible unless there are no comparable premises in the area or there is some peculiarity in the business or the premises which requires consideration of trading records.

THE COURT of Appeal so held when allowing an interlocutory *appeal* by W. J. Barton Ltd, tenants, from an order for specific discovery made on the application of Long Acre Securities Ltd, landlords, by His *Honour Judge* Tibber in the Edmonton County Court on October 5 1981.

Section 34(1) of the Landlord and Tenant Act 1954 provides: "The *rent* payable under a tenancy granted by order of the court . . . shall be suc . . . as . . . may be determined by the court to be that at which . . . the *holding might be* expected to be let in the open market by a willing lessor, there being disregarded—(a) any effect on rent of the fact that the tenants has . . . been in *occupation of the* holding. (b) Any goodwill attached to the holding by reason of the carrying on thereat of the business of the tenant . . .

* * *

LORD JUSTICE Oliver giving the judgment of the court, said that the tenants, who were multiple bakers, held over under a lease of business premises. The lease contained a covenant restricting the user to baker and confectioner.

The *tenants* applied in a county court for a new lease under the Landlord and Tenant Act 1954. The landlords did not oppose the grant of a new tenancy but objected to the proposed rent. They applied to the Registrar for an order that the tenants disclose by way of further discovery all accounts for the past three years in connection with the premises as well as in connection with another shop they leased seven *miles away.*

The Registrar dismissed the application, but the landlord appealed to the judge who allowed the appeal and made an order in astonishingly wide terms directing the tenants to disclose within seven days "all documents relating to trading" at the two premises.

What was now in issue was not so much the ambit of the order, but whether an order of that type ought to have been made at all.

The onerous nature of the discovery sought was to some extent self-evident since, on the face of it, it involved searching for and disclosing such minutiae as delivery notes, cash rolls, manufacturing costings, wage slips and so on. However, Mr Foy's principal attack on behalf of the tenants was as to the relevance of the discovery ordered by the judge.

The inquiry on which a court was directed to embark in applications for new tenancies under the act was set out in section 34 (1). The court had to look for the open market rent of the premises simply as premises at which a business of the types carried out by the tenants could be carried out, but that rent was not to be enhanced, reduced or otherwise affected by the tenants' own actual occupation or by any goodwill created as a result of the business which he had carried on. To put it broadly, the rent was to be *arrived* at on the hypothesis that the premises were empty and without regard to the tenants' previous trading.

That immediately raised the question, of what relevance to such an enquiry were the tenants' trading results. The court was not concerned with the tenants' ability to pay rent, but with the rent which a willing lessor could command for those premises in a hypothetical open market and there was a perfectly well recognised way of arriving at that by reference to the rent payable for similar premises in the vicinity. There were plenty of compar*able premises* in the vicinity from which the open market value of premises of the present type could be deduced. Evidence of the tenants' trading had nothing *to do with the open* market rent.

Mr Belben for the landlord submitted that the accounts of a tenant's trading in business premises were always relevant to any application under the act as providing a guide to the open market rent.

He found support for that general proposition in Woodfall on Landlord and Tenant 28th edition paragraph 2-0740, where it said that "evidence of the trading accounts of the *existing* business is admissible for the purpose of showing the earning capacity of the premises but not for any other purpose." The authority cited in support was *Harewood Hotels Limited v Harris [1958] 1 WLR 108.*

In that case the tenant of a *hotel tended evidence* of his trading for the purpose of showing what sort of profit a tenant of that hotel might expect to make and thus what level of rent a prospective tenant would be likely to pay. The landlord appealed on the grounds that the evidence was irrelevant and the court of appeal dismissed the appeal.

That decision, however, could not be read as supporting any general proposition that such evidence was relevant and admissible in every application under the Act. It was relevant in that case because of the absence of any comparable premises and because of the nature of the business under consideration. The effect of the decision appeared to be that where such evidence was required to establish the open market rent there was nothing in section 34 which prohibited its reception for that limited purpose. To extract from that some more general proposition that evidence of trading was always to be admitted was a quite impermissible extention of the ambit of the decision.

In *Harewood Hotels* the premises were capable of being used only as a hotel and the only physical comparable premises appeared to have been private houses.

It was clear that there was several types of premises of which a hotel was only one example, where the ascertainment of an open market rent might depend on an *assessment* of the likely profitability of the business for which the premises were peculiarly adapted. Other instances might be a petrol filling station, a theatre or a race course, in all of which the market rent might well depend on average takings.

That was a far cry from saying that such evidence was always relevant, and considerations of that sort did not apply in the ordinary case of shop premises with no particular features in a business area such as in the present case, and where there were plenty of comparable premises from which the open market rent could be deduced. There was no peculiarity in the premises themselves or the business carried on there which would lead to the conclusion that trading records would be of any assistance.

It could not make any difference that the landlord, for his own purposes, sought to restrict the user of the premises to that of bakery by a covenant in the lease.

In the ordinary way, the best evidence of the open market rent was what traders carrying on business in the area were prepared to pay for premises of the appropriate type and evidence of the successful or unsuccessful nature of the particular tenants business would generally be not only irrelevant but also positively confusing.

Appeal allowed.

For the tenants: John Foy (Barker, Gouch and Swailes, Enfield).

For the landlords: Robin Belben (Stafford Clark and Company).

By Rachel Davies
Barrister

THE PROPERTY MARKET BY MICHAEL CASSELL

Navy Fund renews onslaught in U.S.

THE RISE and rise of the Merchant Navy Officers Pension Fund as a leading participant in the U.S. real estate market continues apace.

Having spent nearly £20m since last summer on picking up stakes in carefully selected U.S. real estate investment trusts, the Fund has now made a £25m bid for a chunk of the much-troubled First Union Real Estate Equity and Mortgage Investments, the largest REIT in America.

The result, however, is far from being clear-cut. For having agreed terms to buy out Unicorp Financial Corporation's 21 per cent holding in First Union at a price of $18 a share—against a market price of $15 and an estimated asset value of $23-24 a share—the proposal has been rejected by First Union, which has a say in who controls the equity.

The arrival on the scene of the Merchant Navy Fund comes at a time when the relationship between First Union and major shareholder Unicorp leaves a great deal to be desired. For some time, First Union has viewed Unicorp's intentions with suspicion and the two have been entangled in several pieces of litigation for over a year.

The agreement that the British fund should buy out Unicorp could be expected to put an end to all the troubles but now First Union—which held talks with the men from the Merchant Navy before the plan was announced—appears to be opposed to the idea of such a large individual shareholding.

Mr Geoffrey Musson, the fund's investment manager, says that agreement for the purchase from Unicorp has now been agreed, subject to First Union being ready to waive a Trust rule that prevents the transfer of ownership of more than 6 per cent of its shares. "We would hope that our arrival would end these past problems and conclude all the law suits which have been started. We are certainly not going to walk away from this one as a result of the First Union rejection."

The immediate drama apart, the fund can already claim to have covered a great deal of ground in its search for U.S. real estate investments.

Via stakes in Cleve Trust Realty Investors of Cleveland (30 per cent), New Plan Realty Trust (21 per cent rising to 25 per cent) and an existing 4 per cent diluted stake in First Union, the property portfolio directly attributable to its own percentage holdings already extends to 679,000 sq ft of retail space, 306,000 sq ft of offices and 163,000 sq ft of industrial accommodation.

If the First Union deal goes through, the amount of retail space which the fund can claim that it owns will pass through the 1m sq ft level and industrial space will top 600,000 sq ft.

A coup for St. Martins

UNDETERRED BY getting planning approval for less than half the South Bank floorspace it was seeking, St. Martins Property Corporation is to press on with what has been cleared while it rethinks the remainder of the scheme.

The decision from Mr Michael Heseltine, Secretary for the Environment comes nearly a year after the marathon planning inquiry and although it can be interpreted as a partial defeat for St Martins' plans, the addition of nearly 1m sq ft of new floorspace over the river from the City still represents one of the biggest development coups in recent years.

Mr Heseltine's approval, which overturned his inspector's findings, gave the green light for 738,000 sq ft of office space and 84,300 sq ft for other uses, including shops and residential units. The Minister's decision effectively means that St. Martins can get on with everything to the west of Battle Bridge Lane, centred on the Hay's Wharf building and dock and Cotton's Wharf.

According to Brian Cann, chief executive of St. Martins: "At first sight it appeared as though the whole thing had gone against us but, on closer examination, we realised just how much we had got.

"Furthermore, the decision letter gives a clear indication that although the original proposals to construct 257,000 sq ft of high rise offices on the site to the east of London Bridge represents inappropriate massing and density, a building of more moderate height, providing less space, would be acceptable."

St Martins estimates that the foreseeable development will approach 900,000 square feet when the implementation of existing planning permission for change of use of Chamberlains Wharf to a private hospital is included.

Construction is not expected to commence before 1983 and building costs have been estimated at between £180m-£200m. The original development plans had revised cost estimates of £350m.

The portion of the site for which planning permission was rejected will be the subject of discussion with English Property Corporation and the London Dockland Development Corporation.

Agreement was reached between EPC and St Martins in September 1980 to include EPC's strategic 2.5 acre parcel of land, lying east of the approved scheme, in the development. It is acknowledged by St Martins that the original joint EPC/St Martins planning application for this part of the development will have to be altered considerably before approval is granted for office construction, although it is heartened by the Minister's indication that the total office content for the area is not considered to be excessive.

In the opinion of Brian Cann: "We are sufficiently encouraged to embark on this as the first phase of the overall project. The Minister's decision clearly establishes the area as the only logical extension to the City."

Paul Hannon

Clerical funds Wembley

CLERICAL MEDICAL and General Life Assurance is to fund the first 100,000 sq ft phase of a 318,000 sq ft office scheme being project managed by Arunbridge at Olympic Way, Wembley.

The first phase could have a completed investment value of between £20m and £25m. The funding was arranged on behalf of Cranax by Michael Laurie and Knight Frank and Rutley. Clerical Medical has also funded the adjoining Olympic industrial estate.

● *Estates and General Investments* is to add 5,000 sq ft of floorspace to their Harefield Place, Uxbridge, office scheme. The new space is being pre-let at £65,000 a year to Digital Equipment, who are already due to take 30,000 sq ft at Harefield Place at an annual rent of £240,000.

The development, which embraces an 18th century mansion, is held in E&G's portfolio and will have an estimated value of about £6m. *Debenham Tewson and Chinnocks were letting agents.*

Bradman back to square one

GODFREY BRADMAN has a lot of thinking to do. His Rosehaugh bid for London Shop Property failed on Wednesday, when shareholders rejected his advances, and settled for a comfortable, but initially unrewarding merger, with sister company Beaumont Properties.

Bradman may get some consolation from the fact that London Shop shares fell yesterday, as he predicted in this event, to 118½p against his own second bid of 150p. His own shares, the subject of quietly savage criticism from the other side, put on 5p to 250p.

But it is clear that Rosehaugh and its advisers still see a need to double the company's asset base, so that Bradman can hold on to a bigger proportion of the development he initiates. The company also needs, and lacks, the relatively broad institutional support accorded to other recent bidders.

Meanwhile, Bradman is characteristically keeping his options open on the disposal—or otherwise—of what is now a 10 per cent stake in the merged London Shop/Beaumont. Having bought in at 114½p, he could get out of London Shop without paying too much for the experience.

His team is also mulling over the idea of a joint bid with another property company for the enlarged London Shop.

Federated holds on to its crown

FEDERATED LAND must be as happy as the thwarted purchaser must be upset over the group's last minute decision not to part company with its prize asset—the Hempstead Valley shopping centre in Kent.

After prolonged and detailed discussions, Federated had reached agreement on all the main sale conditions with the unnamed pension fund before Lazards, the company's merchant bank advisers, told the directors that the deal was not really necessary.

Reshuffle

The Hempstead Valley sale—thought likely to raise something in excess of £20m—was being pushed through in order to fund the development of a town centre scheme at Hanley, Stoke-on-Trent. But in the closing stages of negotiations, the board—which has just undergone something of a transformation—decided that disposal of its biggest and best possession could be avoided without jeopardising the Hanley scheme.

Raymond Pyne, company secretary and a Federated director, emphasised that the change of heart had nothing to do with the New Year reshuffle, which saw James Meyer resign as chairman and brother Peter Meyer appointed managing director. *Mr Arthur Richards*, chief executive of United Dominions Trust is the new chairman.

According to Mr Pyne: "This is not a question of a new-look board changing old policies. We never wanted to dispose of the jewel in the Federated crown but simply reckoned it would be necessary if we were to go ahead with Hanley.

"But in the closing stages of talks with the intended purchaser, Lazards convinced us that we could develop Hanley without having to let go of Hempstead Valley. We are now examining the various options for the funding.

"The potential buyers were clearly disappointed but they fully accepted our position. They behaved like real gentlemen."

Federated, which last year sold off its housebuilding operation to concentrate on commercial development, completed the Hempstead Valley scheme in 1979. Part funded by Manufacturers Hanover Trust and the group's own resources, the 290,000 sq ft centre has a current rental income of over £1m a year and a long list of prime tenants.

Some reviews have already taken place but the bulk of them are due in December 1983 and should certainly underline the advisability of retaining ownership. The centre, held on a 125-year lease from a private landlord was valued at £15.5m at the end of 1980.

Auction

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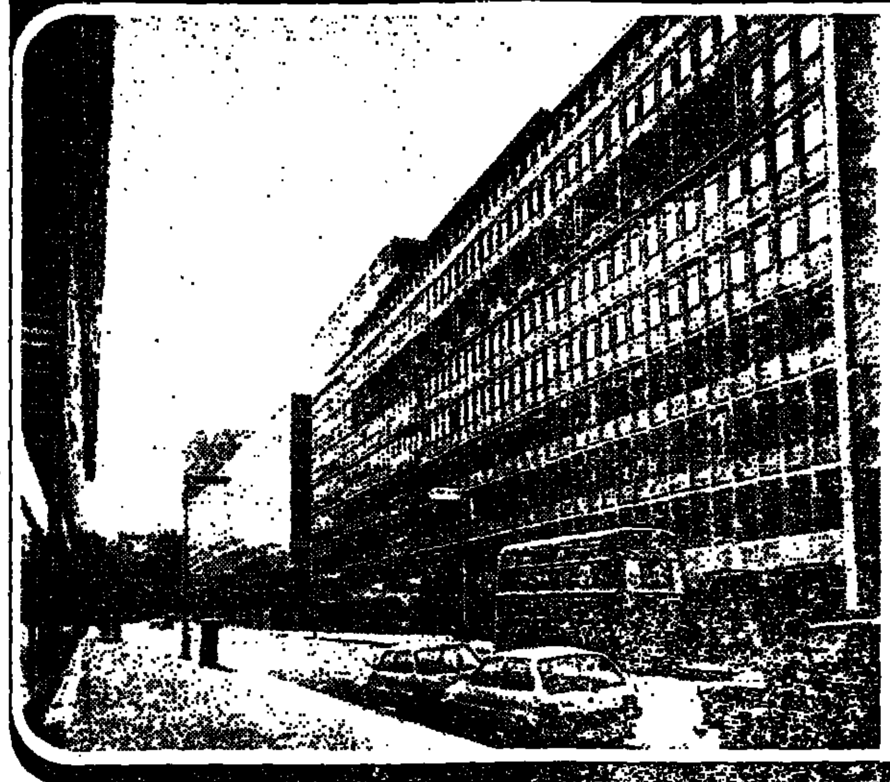

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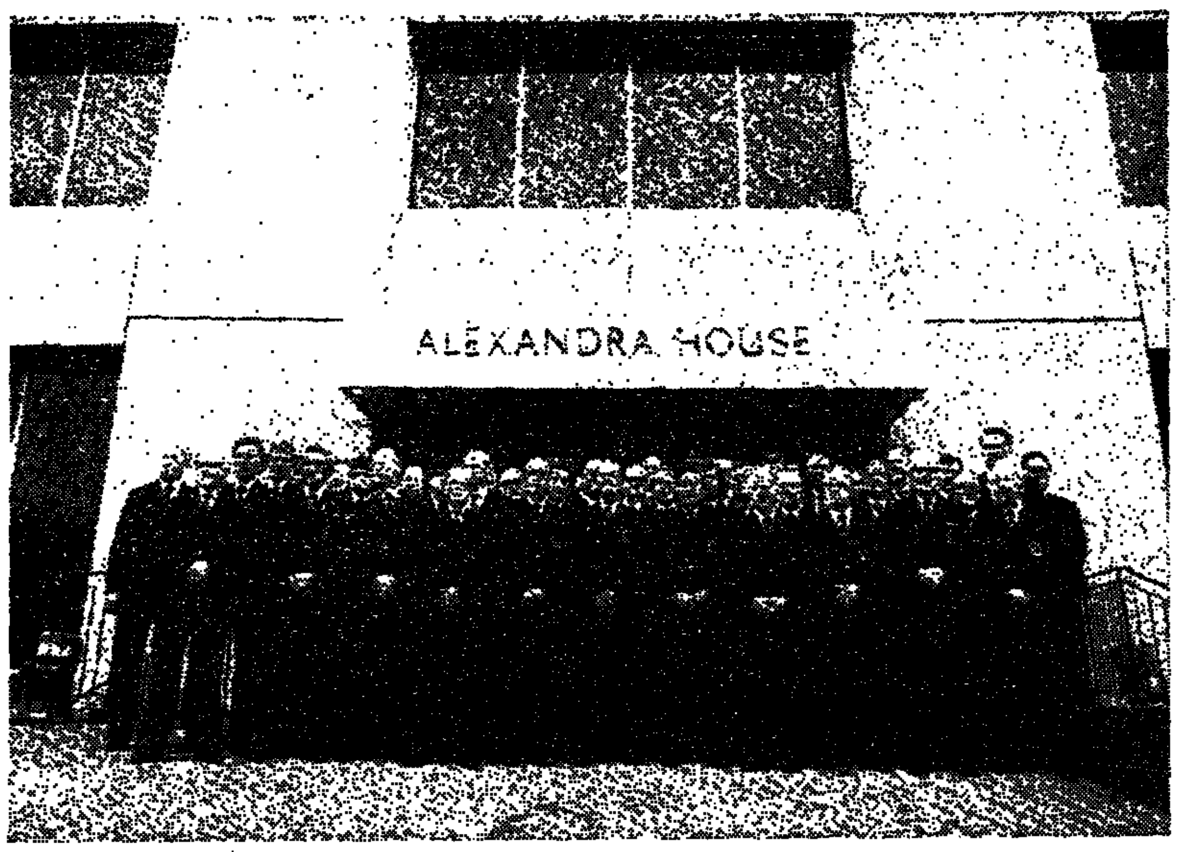

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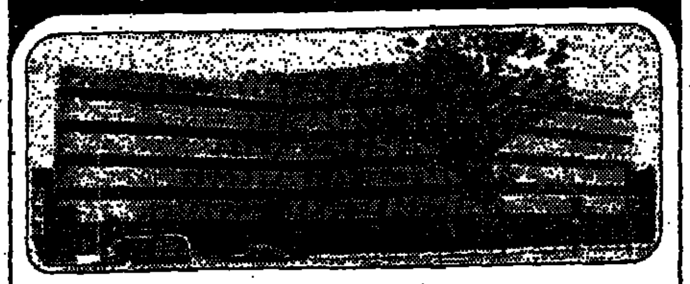

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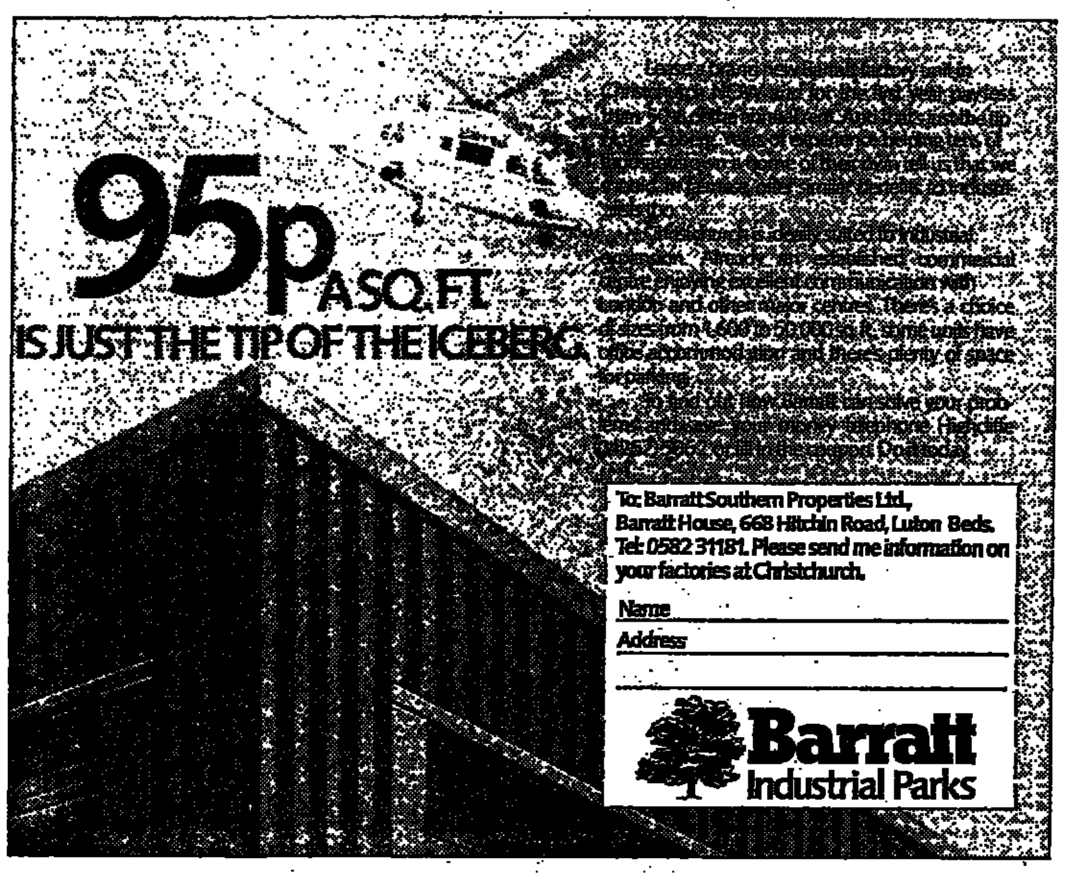

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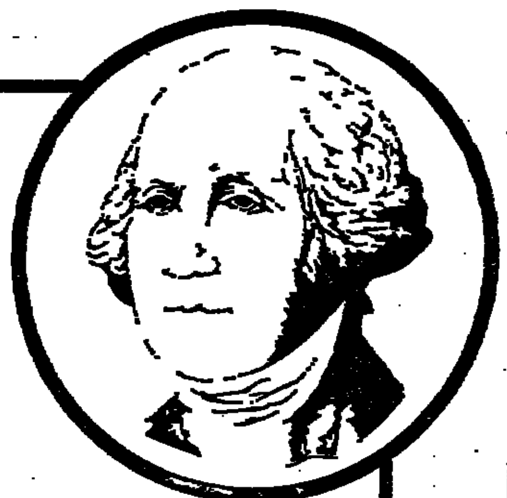

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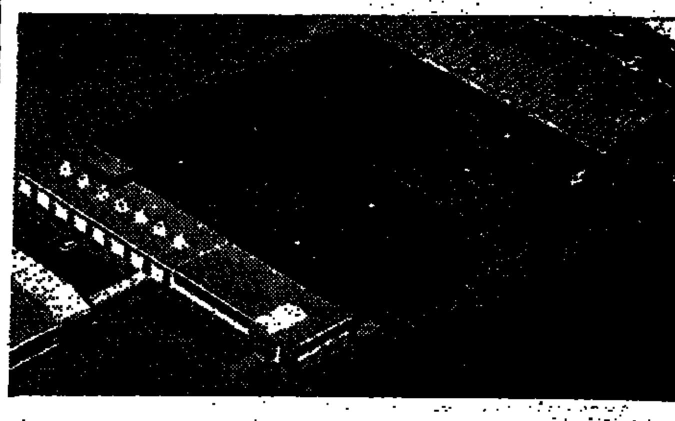

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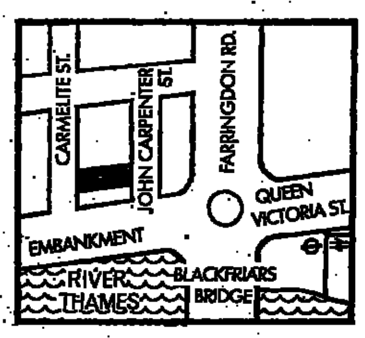

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Viewing Tuesday, 19th and Wednesday, 20th January 1982 10 am-4 pm and day of Sale 9 am-11 am

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ROSAN & COMPANY 144-150 LONDON ROAD, CROYDON, SURREY TELEPHONE: 01-688 1123/4/5

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On Thursday, 28th January, 1982 at 11 am at Marbea Works, South Road, Hockley, Birmingham

Viewing on 27th January, 1982 between 11 am-4 pm and morning of Sale, 9 am-11 am

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APPOINTMENTS

Changes at T.K.M. Automotive

Mr Reg Heath, chief executive of Wadham Stringer Vehicles, has been appointed managing director of TKM AUTOMOTIVE which includes the motor interests of Tozer Kemsley and Millbourn and Wadham Stringer. He was appointed to the board of Wadham Stringer in 1975, became group services director in 1978 and was appointed managing director of Wadham Stringer Vehicles in 1980. **Mr Ian Dobson** has succeeded Mr Heath as chief executive of Wadham Stringer Vehicles and he remains chief executive of Wadham Stringer Industrial.

★

Mr Piers Phipps has joined INTERNATIONAL COMMERCIAL BANK as a deputy general manager.

★

C. E. HEATH AND COMPANY (AVIATION REINSURANCE BROKING) has appointed **Mr R. A. Hems** an assistant director. **Mr P. J. Nash** has become an assistant director of C. E. HEATH AND COMPANY (AVIATION).

★

Mr W. D. Deans has resigned as joint managing director of HUNTING GATE GROUP. **Mr D. F. Desmond**, joint managing director, has been appointed managing director.

★

Mr Arthur C. Richards has been appointed a non-executive director of FEDERATED LAND and has been elected chairman. He is chief executive of United Dominions Trust, a director of Trustee Savings Banks (Holdings) and a non-executive director of Blackwood Hodge. As foreshadowed last month **Mr James H. P. Meyer** has resigned as chairman and will cease to be a director on January 31 in order to pursue interests abroad. **Mr Cyril N. Smellie**, who was senior partner of Moore, Stephens and Company, the company's auditors, has joined the board as a non-executive director. **Mr Peter J. H. Meyer** has resumed executive responsibilities, which he relinquished last May, and has been appointed managing director. **Mr Trevor Slater**, an executive director, has been appointed deputy managing director.

★

Mrs Louisa A. Service, joint chairman of the Municipal Group, has become chairman of GLASS'S GUIDE SERVICE (jointly owned by Thomson Magazines and the Municipal Group) and **Mr Bernard Paver**, a director of Thomson Magazines has become chief executive and deputy chairman. Mr Paver's responsibilities in relation to Bertelsmann - Thomson Fachverlag GmbH (a German trade and technical publishing company, jointly owned by Bertelsmann AG and Thomson Magazines) will be taken over by **Mr Andrew Shanks**, planning manager of Thomson Magazines, whose other responsibilities remain unchanged. Mr Shanks will join the board of Bertelsmann - Thomson Fachverlag GmbH.

★

NATIONAL ADVANCED SYSTEMS (EUROPE) CORPORATION has made the following appointments: **Mr John Curran** has been appointed vice-president and director of European marketing; **Mr John Clements** has been made vice-president and regional director of Northern Europe. In addition to continuing as the managing director of National Advanced Systems (UK) Mr Clements will be responsible for NAS' activities in Scandinavia and Israel. National Advanced Systems is a wholly owned subsidiary of National Semiconductor Corporation.

★

Mr Jim Fallon, director of external relations at MK Electric, has been elected to the board of the NATIONAL HOME IMPROVEMENT COUNCIL (NHIC).

★

RICHARDSON AND BOTTOMS has appointed **Mr Derek Tynan** a director. He was a director of Conder Buildings.

★

Mr S. J. Laredo has been appointed managing director of EVERSHED AND VIGNOLES, a Thorn EMI Technology subsidiary. He succeeds **Mr G. Carey**, who has retired. Mr Laredo continues as managing director of another Thorn EMI subsidiary, Pantak, of Windsor.

Thorn Brimar, another Thorn EMI company, has appointed **Mr David F. Stoyell** as marketing director.

★

Mr J. G. Lancaster has been appointed finance director of W. AND T. AVERY. He succeeds **Mr Peter Chell** who has been appointed group finance director GEC-Avery.

★

BANK OF NEW SOUTH WALES states that **Mr Timothy H. Bevan, Mr Ford Geddes** and **Mr Robert A. Norman** have resigned from its London advisory board.

★

Mr John Whittaker and **Mr Kenneth Jones** have resigned as directors of ESPLEY-TYAS PROPERTY GROUP in order to pursue their own private interests.

★

METAL BULLETIN has made the following appointments to the boards of three of its subsidiary companies: **Mr J. E. Bailey**, joint editor, Metal Bulletin, becomes a director of Metal Bulletin Books, **Mr C. Cooper** and **Mr T. M. Hempenstall**, general managers—sales, join the board of Metal Bulletin Congresses and **Mr P. W. Harben**, U.S. business manager and American editor of Industrial Minerals, becomes a vice-president of the New York based Metal Bulletin Inc.

The arbiter of Britain's public interest

As the Monopolies and Mergers Commission rules against a third consecutive bid, David Churchill explains how it operates

THE Monopolies and Mergers Commission—one of Britain's most powerful but least understood quangos—will today achieve a unique hat-trick. Its controversial report blocking both takeover bids for the Royal Bank of Scotland Group (which the Government is to publish today) is the third merger report in a row where the proposed takeover has been blocked.

Last month, in equally contentious reports, the commission ruled against the planned merger of Lonrho, the international conglomerate, with the House of Fraser retailing group and blocked European Ferries' bid to acquire Sealink, British Rail's ferries division.

This is the first time in 17 years of merger control that three merger investigations on the trot have been found to be against the public interest. In 1980, for example, only one out of four investigations completed was blocked by the commission. In the five reports since then, however, only one has been allowed to go ahead.

The commission's tough stance has not been confined to merger investigations either. It has taken an equally aggressive line when probing monopoly and competition cases which also come within its ambit. Last month the commission ruled that, under competition policy, TI Raleigh Industries was acting against the public interest in refusing to supply cut-price retailers; earlier in the year it recommended that the British Poster monopoly should be wound up; and over the past 18 months it has made 180 detailed recommendations on how to improve four major nationalised industries.

Probably the least understood part of the commission's role is that it acts solely as an arbiter of the public interest. While the Office of Fair Trading acts as the Government's "watchdog" of consumer interests—and has executive powers to match—the commission is a semi-judicial body but has no powers to implement its decisions; that is left to the Government.

Under the 1973 Fair Trading Act, the commission is given virtually a free hand to determine the public interest as it sees fit. All the legislation says is that the commission "shall take into account all matters which appear to them in the particular circumstances to be relevant."

However, the Act helps by suggesting several examples of "relevant" circumstances. These include promoting the interests of consumers, the reduction of costs and new product development, maintaining balanced distribution of industry, and promoting exports. The key criterion is that the commission "shall have regard to the desirability of maintaining and promoting effective competition between persons supplying goods and services in the United Kingdom."

The commission itself has survived for over 33 years (it was set up in 1948) as the guardian of business competition while politically more sensitive pay boards and price commissions have come and gone.

Judicial

The commission's survival owes itself to two main factors. One has been the adoption of a low-profile approach; few businessmen could name the commission's chairman or any of its 24 other members.

The second factor has been the judicial approach adopted by the commission, helped over the past six years by the chairmanship of Sir Godfray le Quesne, a Queen's Counsel.

The commission is situated in an anonymous Government building in London's Carey Street, just behind the Law Courts. It has 25 members at present (although it can have up to 27), backed up by almost 100 civil servants, and costs some £1m a year to run.

The commission is headed by a full-time chairman, Sir Godfray, who is assisted by two part-time deputy chairmen who spend at least half a week with the commission. There are 22 other part time members, plus several others on the newspaper panel who join the commission for a newspaper investigation. (Newspaper mergers are considered to be different from other types of merger.)

Members of the commission are usually still active in their professional life and are drawn from industrial, financial, and commercial sectors, as well as from representatives of trade unions, the professions, and consumers. A delicate balance of appointments is maintained.

Appointments are normally for three years, but these are usually renewed for further terms. Unusually, the commission last year faced a turnover of about half its members; one in two members of the commission is now relatively new. They include the finance director of GKN, a managing director of a small company, a former senior civil servant, and a leading academic.

Almost half the civil servants working for the commission are from senior grades. There are some 12 economists, ten accountants, six industrial advisers, with the rest general administrators. Most of the staff are seconded from other Government departments (just over half a dozen came from the defunct Price Commission) and a number have previously worked in industry before joining the civil service.

The commission's activities fall into four distinct areas:

(1) Monopolies: The long-term work is the investigation of monopolies in the supply of particular goods or services. Monopoly situations are only investigated by the commission on reference from either the Trade Secretary or the Director General of Fair Trading.

(2) General references: The commission undertakes general references, on the instigation of the Trade Secretary into specific trade practices. The probe into discounts to retailers was an example of such a reference.

(3) Mergers: All mergers involving assets of more than £15m are monitored by the OFT which then decides those to be referred to the commission for an investigation lasting six months or less. Only about eight such mergers a year are actually referred to the commission and more are approved than rejected. Newspaper mergers are automatically referred direct to the commission by the Trade Secretary and normally take three months.

Public sector

(4) Competition: Since April 1980, the commission has been responsible for carrying out special six-month investigations in the private and public sectors under the Competition Act. The Act enables the commission to be asked by the Trade Secretary to investigate public sector bodies (the electricity, water and rail industries have already been probed) as well as deciding the public interest issues in cases referred by the OFT of a specific anti-competitive practice carried out by a single company.

Most investigations of all types follow a standard procedure. This is for the commission to hold formal hearings with companies involved (they may be asked back for second hearings) as well as with other interested parties. The commission will often take the opportunity to visit a particular location relevant to the inquiry to gain extra evidence on the spot. Companies often approach a commission inquiry in two frames of mind: either with some trepidation or with contempt. Fears about the commission's probings are usually unfounded, since at the formal hearings the commission is simply giving companies a chance to present their case in person.

Companies that treat the commission with contempt usually resent its interference, arguing about the cost of management time involved and the expense of legal advice. The commission, however, has powers to force companies to comply with its requests for information, but these are rarely used.

The commission's recent apparent toughness is not the result of any conscious policy decision on its part to be more critical. After all, it has been tough before. In the late 1960s, for example, it blocked another proposed bank merger between Barclays and Lloyds as well as halting the planned merger between the Rank Organisation and De La Rue. It has also made a number of scathing criticisms of various industrial monopolies over the years.

But there are a number of reasons why the commission has seemingly become more aggressive. Firstly, both the Department of Trade and the Office of Fair Trading have become more sophisticated in choosing the cases to be referred to the commission; it is only the really contentious cases that now seem to be referred, and these obviously are more likely to lead to controversial results.

Secondly, the commission has been forced to become a more efficient body itself by the addition of the lengthy and time-consuming public sector "efficiency audits" carried out under the 1980 Competition Act. These investigations — which have been the longest ever produced by the commission — have generally been produced within a six-month time span.

The third main reason must be that the Government's commitment to increased competition (as shown by the new Act) has undoubtedly had an influence on the commission's thinking. At the same time, the recession has probably forced many companies into more anti-competitive behaviour simply to survive.

Why ICI is delighted with its premature baby

Sue Cameron relates how the UK chemicals giant built its new plant on time and under budget

IMPERIAL Chemical Industries' petrochemicals operation has become a particularly sharp thorn in the group's already bruised side. But now—at an otherwise disastrous time—the business has been able to chalk up one significant success; it has built a major plant on time, under budget and in a product area that has a seemingly bright commercial future.

The twisting pipes and unsightly towers of the new plant rise up from the centre of what was once a cornfield at Wilton on Teesside. It has the capacity to produce 250,000 tonnes a year of pure terephthalic acid—PTA—which makes it the largest unit of its kind in Europe. It goes by the unromantic title of T8.

But to many of the senior ICI men at Wilton it has all the appeal of a firstborn baby to a doting father.

For this plant cost only £81m instead of the £90m that had originally been planned. And not only was it finished on time, but ICI was able to start running it at full capacity several months earlier than had originally been scheduled.

What is more, ICI reckons that eventually its sales of PTA—used to make polyester fibre and polyester film—could account for some 20 per cent of the group's total petrochemicals' turnover in value terms. The company also expects sales of PTA to show a healthy profit margin—in stark contrast to most of the other base chemicals that ICI makes on a large scale.

The excitement that has been generated at ICI by T8 provides a sad commentary on the UK construction industry's past reputation for building large projects. Over the last few years Britain has acquired a solid record of failure in the matter of completing major plants on time and on budget. ICI has been one of the many companies that have suffered.

The giant petrochemicals plant that ICI built with BP Chemicals at Wilton took twice as long to finish as had been expected and it cost twice as much.

The reasons for the delays and the soaring costs on so many big projects have been numerous: last minute design changes by client companies such as ICI; late deliveries by both foreign and UK equipment suppliers; poor management on the construction site itself and building workers who gave vent to their frustration at the general chaos by downing tools on any and every pretext.

But ICI and a number of contractors operating on Teesside—including William Press, Foster Wheeler, Monk, Andersons and Watson Norie—decided they must make a determined effort to stop the rot. The guinea pig for their new, more efficient approach was to be T8.

In practice, there was nothing revolutionary about the methods used to bring T8 on stream at the right time and at the right price. What the team did was to spend far more time at the outset planning the construction programme and preparing each stage of the project.

"We always knew the right way to do it," George Morrison of the William Press group says. "It was just that we hadn't done it." Bob Brandine, the construction manager for T8, reckons that contractors and client companies alike had become "practising deviationists." Both men blame this seemingly irrational and contrary behaviour on the constant pressure everyone was under to make it look as if they were moving speedily and adhering to pre-ordained project schedules.

As a result, site work would begin before detailed drawings were ready; men would be asked to start putting up sections of the plant before all the necessary equipment had arrived and had been checked; supervisors would be too busy trying to lay hands on the said drawings and equipment actually to supervise their workers; senior engineers would arrive on site, see that construction was still at an early stage and cheerfully decide that there must therefore be plenty of time left to make major modifications to the plans; and managers, forced to admit that the delays were growing, would add to the confusion by hiring dozens of extra men in a desperate effort to make up for lost time.

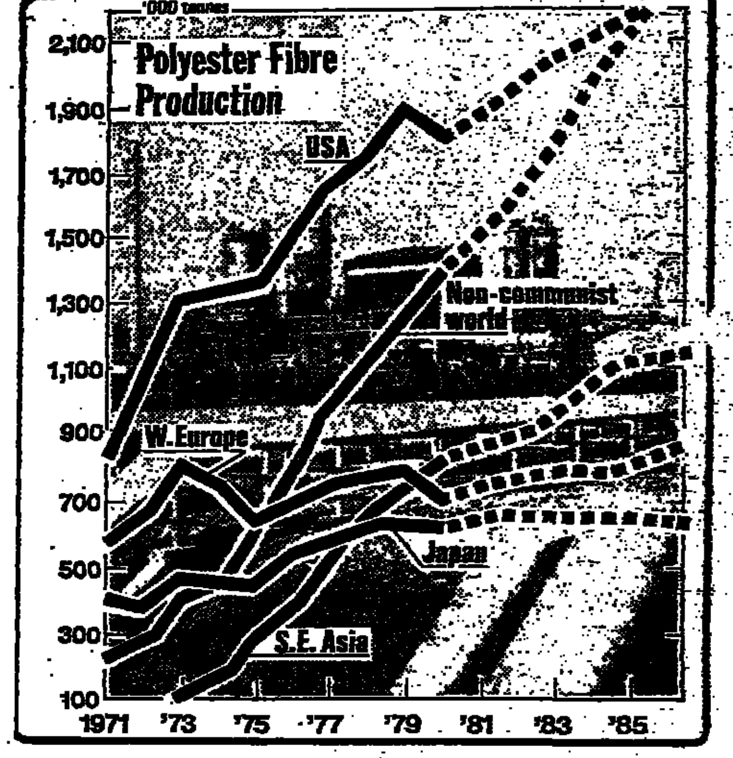
The T8 team insisted that the plant should be based on 1981 technology and not on some optimistic guesses as to how PTA units might be built in 1984. They agreed that no civil engineering workers should go onto the site until at least 50 per cent of the certified construction drawings were finished and available. None of the pipework was to be done until at least 75 per cent of the drawings were ready—though in the event, all of them were completed before the men were moved in.

A single, staging warehouse was set up where all materials could be checked against design specifications before being sent out to fabricators. And between 10 per cent and 15 per cent of the equipment required—columns, compressors and suchlike—was built off the site altogether so as to ease congestion.

The site workers were put on a 40 hour week—despite some opposition from men keen to do overtime. But the T8 team were determined not to go back to the bad old days when most construction sites kept a virtual "open house" for building workers, when the average man worked a 52 hour week and when the shifts were thoroughly unbalanced.

A bonus scheme that was not just a "pay escalator" was introduced. The men were told how many hours a particular job was expected to take. If they completed it within the time, they received a bonus; if they took longer then there was no bonus.

Inevitably there were difficulties—among them the fact that the team reckons both UK and foreign suppliers have become even worse at meeting deadlines than they used to be. But both the contractors and ICI also admit there is still plenty of room for them to improve their performance in building big projects on time and on budget. In the meantime, the success of the T8 project has clearly provided a boost to morale for both ICI and the Teesside construction industry as a whole.



ICI believes its new T8 plant at Wilton on Teesside will help it take advantage of export opportunities for polyester fibre and film. It bases its optimism on the fact that it can make PTA more cheaply than its competitors can make DMT, the alternative constituent of polyester.

... and what is planned for its future

OVER-CAPACITY is the bane of Europe's commodity chemical producers—and there is little comfort for them in building a new plant efficiently if the thing then becomes a commercial white elephant.

But one of the reasons why ICI is particularly pleased about the smooth running of its latest major construction project is that it believes the pure terephthalic acid—PTA—produced by the new plant will eventually become a marketing success.

Current conventional wisdom within the chemical industry states that the commodity chemicals sector is a disaster area because of overcapacity, weak prices and poor demand. Nor are heavy chemicals expected to gain a new lease of profitable life once the recession is over—certainly not in Europe. The great days when high growth rates could be sustained by substituting such products as plastics for traditional materials are over. And it is also argued that oil-rich countries in the Middle East are now building up petrochemical industries of their own which will further erode the position of Europe's traditional producers.

Those running large, diverse chemical companies are constantly being urged to pull out of the commodity end of the business and to concentrate instead on specialities.

But there can be exceptions. A company can manufacture a chemical product on a large scale—ICI's new PTA plant has an annual capacity of 250,000 tonnes—and turn it into a commercial success if it has a technological edge, if there are only a comparatively small number of producers and if it can find a market where there is some hope of reasonable growth.

ICI believes its PTA business will show there is still some mileage to be had out of some petrochemicals. And the group's petrochemicals sector certainly needs some successes. In 1980 the business had a trading loss of £44m and when the company announced its latest results for the three months from July to September, it revealed that its petrochemical operations were still running at a loss.

PTA, which is used to make polyester, is made on a big enough scale to rank virtually as a commodity. ICI's new "T8" plant at Wilton on Teesside brings the company's total production capacity to almost 400,000 tonnes. This makes ICI the world's second biggest producer of PTA—only the U.S.-based Amoco with a capacity of almost 1.3bn tonnes is larger.

Cheaper

Yet size is not everything—in the current state of the petrochemical market worldwide it is often a disadvantage. ICI's confidence in the case of PTA is based on three things:

- The peculiar strengths of its own production technology
- Forecast growth rates for polyester fibres, bottles and film
- The technical and economic weaknesses of those ICI rivals who make dimethyl terephthalate—DMT—which is the chief alternative to PTA as a raw material for making polyester.

ICI reckons it is particularly efficient at making paraxylene, the raw material for PTA; it believes it has a short head start over some of its rivals because it can produce PTA more cheaply.

ICI takes even more heart from the fact that it believes its PTA business will grow while producers of DMT—the competitive raw material for making polyester—will eventually have to face the threat of closure.

Although between 65 and 70 per cent of West European polyester production is currently based on DMT, it is cheaper in terms of production costs to make polyester from PTA.

What is more, the state of the European fibres market is still so weak that DMT producers are finding it too expensive to re-tool. And in the longer term, ICI is convinced that PTA will take over from DMT.

In South East Asia PTA is already the raw material used for 70 per cent of polyester production. The region provides a fast growing market for PTA and indeed, South East Asia is one of the few areas of the world where the major petrochemical companies foresee healthy growth rates for most of the products they manufacture.

On a worldwide basis, some 90 per cent of the polyester produced goes into fibres while only 10 per cent is used to make bottles and film. ICI sees little or no growth in polyester fibres in Western Europe over the next five years—but it expects the world market to increase by around 5 to 6 per cent a year.

It is also predicting an annual growth of some 8 per cent for the world polyester film market and it is forecasting a dramatic 25 per cent a year increase in sales of polyester bottles. ICI says that by 1985, bottles could account for 10 per cent of all polyester demand.

ICI also reckons that PTA will show consistent profit margins of over 10 per cent—"well into double figures" is how the company puts it.

There are only a few PTA producers worldwide. Apart from Amoco, the biggest rivals to ICI are Japan's six producers. ICI estimates that Amoco has some 500,000 tonnes a year of PTA available for export while Japan has under 300,000 tonnes for sale outside its domestic market. ICI itself has almost 350,000 tonnes for export.

But although ICI paints a glowing picture of the potential of its PTA business, it has to be stressed that the company is thinking very much in terms of the future rather than the present. At the moment the world market for PTA looks depressingly similar to that for other petrochemicals; there is a world surplus of around 500,000 tonnes and competition is fierce. This is particularly the case in the buoyant-looking South East Asian market where ICI is slogging it out with Amoco and the Japanese.

ICI outlines a strong case for its confidence in PTA in the longer term. But only time will tell whether the group's confidence will prove justified.

THE ARTS

Cinema

American nightmares by NIGEL ANDREWS

Cutter's Way (X) Cinecenta, Gate [illegible]ng Hill and Screen on Islington Green
Rich and Famous (X) Plaza
First Monday in October (AA) Shaftesbury Avenue
Shock Treatment (A) Classics [illegible] and Oxford Street

[illegible] week in Santa Barbara [illegible] like ropes of pearl in a[illegible] midnight alley, and a [illegible]body dumped upside down [illegible] dustbin. *Cutter's Way*, dire[illegible] by the Czech expatriate Ivan [illegible]er, begins like a fantasy [illegible]ree-association Americanism. All is amiss and my[illegible] menace-filled in Golden [illegible]fornia, where dreams no[illegible]mares should take root an[illegible]er.

[illegible] who left his homeland a[illegible]e 1968 invasion and w[illegible]ms *Law and Disorder*, S[illegible]ears—have been striving [illegible] since to twang an A[illegible]n nerve that vibrates to [illegible] same *tender-scatty* freq[illegible] as his own, has found it a[illegible] in *Cutter's Way*. This [illegible]'s rafia-weave of comedy a[illegible]spair rose to cult-movie s[illegible] in America last year, [illegible]arly critical clobberings such as the New York [illegible] and later dark-horsed its [illegible] acclaim at both Venice [illegible] London film festivals.

[illegible]ee California - dwelling [illegible] who have worn out their youth dreams, an eye[illegible]ed ex-Vietnam *cripple* [illegible] Heard), a gold-mopped [illegible]combing *yacht* salesman [illegible] Bridges) and the former's [illegible] - and - stricken whiskey - [illegible]ing wife (Lisa Eichhorn) [illegible]ate *their daily* lives in [illegible] - drinking, soft - thinking [illegible]es until, one eventful 24-[illegible]s, Bridges witnesses a [illegible]der and sees his way out of [illegible] trio's slow-motion existen[illegible] whirlpool. He sees a dead [illegible] rudely tumbled into the [illegible]resaid alley dustbin and the [illegible]t day, watching the Old [illegible]anish Days Street carnival with his two *friends*, he spots the man he thinks did it. *Riding tall* in his horse-saddle, with grim visage and eyes immured behind silver-lensed glasses, he is local Mr Big, oil millionarie J. J. Cord (Stephen Elliott).

While Scotch-soured Eichhorn wanders their slipshod domestic pad with pale and crack-voiced scepticism, Bridges and Heard join forces in a would-be exposure *campaign seeking* first to smoke out their villain with *a blackmail letter*, later to confront him face to face.

Serpent-looping into intrigue, the film shows how a sliver of doubtful testimony—was it *really* Cord that Bridges saw? flamboyantly baroques into a full-blown fantasy of cut-down-the-mighty social vengeance. Each man has his different trigger for hostility. Heard has his cranky, toxic bitterness of a maimed Vietnam veteran a-cursing the Rich and Powerful. (At full cry, wheeling about and squawking his tragicomic venom, he's like a Long John Silver ventriloquised by his parrot). And Bridges has his aging salesman-gigolo status as a crumb-collector from the Idle Wealthy.

Jeffrey Alan Fiskin wrote the marvellous script from a novel by Newton Thornburg; and when not pheasant-rocketting into sudden farce or fury—as in the grimly riotous polo match where Heard hobbles across-field to *buttonhole* horsebacked Cord, or the gun-*toting* finale in Cord's own mansion—it's alert with sudden *silences and tangy comic* pathos. It is a film about the end of youth and about two men making a late wild grab for a cause: while the woman they contrastingly care for is the sacrificial victim caught between colliding egos.

Passer shoots the story in grainy, roughened colours that catch the melancholy of Bohemian interiors past-their-best—with crumped cushions, half-drained bottles and lie-about glasses—and carnival *streets* mystically spiked with menace and suspicion. For all its explosive climax, the film never—and rightly—ties up its loose ends. Was Cord the real killer or do the two men merely reach out to the readiest scapegoat for their drowning dreams? *Cutter's Way* is an American *tragedy* writ tense, *tough*, tender, real and irresistible.

In *Rich and Famous* Jaqueline Bisset, brisk, British and bottled-up, and Candice Bergen, Dallas-drawled and overdressed, spend two hours attempting to upscreen each other. This will surely pip all competitors as the year's *silliest* Soap Opera. Bette Davis and Miriam Hopkins *in Old Acquaintance* first introduced us, with more success *than their successors, to this* decrepit old yarn, based on a John Van *Druten* play. Two pals-from-schooldays cross verbal *swords* and literary *success*-stories. The "serious" writer *(Bisset)* hatches painful and infrequent masterpieces *d'estime*, *only to have her flightly friend* (Bergen) suddenly take up the pen and *start mass-producing* best-sellers. Can the serious one find her own soul and conquer envy/unproductiveness? Will the flightly one come a cropper?

The urge will come upon you, as director George Cukor choreographs his two pin-up egoists prattling and perorating from Malibu to Manhattan, to put your foot through the screen. Not least when bookish name-dropping reaches such dimensions as "T. S. Eliot made this crack about D. H. Lawrence . . ." or "As my old friend Yeats used to say. . . ."

Half-way through the film's two-hour traffic-jam of clangers and stomach-curlers, Bisset starts to bed young men earnestly in scenes of pie-eyed eroticism that seem to have drifted in from another movie. Then we are back on the Lunacy Express again, swirling through Bergen's changes of wardrobes —have ever so many minks laid down their lives for so little?—*and Bisset's 20-great-authors-I-have-personally-known*. Addle-pated, preposterous, and very very long.

Capitol Hill is alive with the *sound* of Walter Matthau. In *The First Monday in October* the *immortal grouch* with the disgruntled jowls plays a Supreme Court judge whose malicious wit and cranky liberalism has his peers rolling on the benches. But his feisty-funny forbearance is tested by the appointment to the Court of its first ever woman member, a lady judge of sternly puritan views played by Jill Clayburgh. *(not one's first choice for a* transatlantic Mary Whitehouse, *nor one's twenty-first; but let's let that go)*. The two antagonists meet, spar, flounce, insult each other and then *spend* the rest of the film talking themselves and us into a coma.

The ghost of a Capra-style comedy—*Mrs Smith Goes to Washington* or *Meet Jill Doe*—rustles hopeful chains in this odd little farago directed by Ronald Neame. But the laughs are *too predictable* (including ponderous ho-ho's at the judges *having to sit through a sex film* under production), the talk is long and romance between J.C. and W.M. is thinly fished for without ever quite claiming a bite.

*

But the worst of the week is *Shock Treatment*. This is *The Rocky Horror Picture Show rheumatically revisited: a whirl* of media-age gadgetry as Brad and Janet, that doomed and dense couple, visit a television studio and find their quiz-show dreams turning into an unending TV nightmare, in which they play all the main roles. The curse of fast-food advertise*ments—the menace of medical* soap operas—the ghoulishness of game shows! *Promising* ideas, but script and direction (by *Rocky Horror* duo Richard O'Brien and Jim Sharman) limp badly behind them, and O'Brien's Rock-Gothic songs have lost their flavour on the *coffin-lid overnight*.

Jeff Bridges in Cutter's Way

Coliseum

Aida by MAX LOPPERT

After a period of tinkering with detail small and large, the English National *Opera's* 1979 *Aida*, revived on Wednesday, has settled into what is presumably its final form. It is not a very distinguished form—spectacle of a fairly low-common-denominator kind is laid on with a trowel, there is a running failure to mark Verdi's *scenic contrasts* (it is almost always nights and indoors, to *this Aida*), *and underneath* it all one still senses an inability on the part of the *original pro*ducer, John Copley, and designer, Stefanos Lazaridis, to believe in the opera as a substantial and many-sided work of art. At least now the translation of Radames' offstage trial onstage, which constituted the grossest error of the original has been rectified: at least now the triumphal object of booty and ceremony make less of a clink and clatter.

And at least the production doesn't get in the way of the music—its sins are those of omission, and in the context of a musical reading of considerable eloquence by Charles Mackerras prove surprisingly easy to forgive, or forget. The last Mackerras *Aida* I heard was at Covent Garden in 1973, with Leontyne Price its heroine. That was well-drilled, spirited, energetic; Wednesday's performance was all those things, and spacious as well. In the prelude, the responsive to dynamic variety boded well; in the final scene, the high, much-divided *violin* writing radiated out into the theatre; and between these poles, the musical events were given a shape and a *purpose, also an unhurried* lyrical character, that one *missed in their stage equival*ents.

The cast proves more effective in the theatre than on paper it promised to. Kenneth Woollam's Radames and Margaret Kingley's Amneris are already known quantities here —both of them very serious-minded and *musicianly* portrayals sung with power and resource but not with much tonal beauty. Mr Woollam impressed us by choosing the low variant ending to his aria (better a soft low close than a yelled high); and, in general, by wresting a good deal more *than one* expected from a rather blunt stage presence and a tenor ringing at the top, constricted in colour below. Amneris' voluptuous invocations to love were a particular casualty to Miss Kingsley's determinedly no - nonsense approach (as, contrastingly, they were to the caperings of her court); but there was never a doubt of her security or staying power, and that is saying *something*.

Aida and Amonasro are both new, and admirable. Elizabeth Vaughan's move to the heavier Verdi soprano roles has cost her a degree of vocal ease; the first scenes, as musically precise and fine-detailed as ever with this singer, had their squalls. Thereafter, there was a perceptible growth in the part, with much gentle shading and poised attack in the Nile scene, and in the finale a touching combination of sweetness and melancholy simply stated, without feigned emotionalism. As ever, Miss Vaughan's portamento is a pleasure. John Rawnsley, though doubtless the sketch of a grizzled warrior will develop even sharper edges, sings out with a freedom not heard from a British Verdi baritone since Peter Glossop in *his prime*. The King (Sean Rea) is good, the Ramfis rather *less so. On musical grounds* alone, this *Aida* is worth catching.

King's Head

Playing the Game

This unassuming comedy of rugby clubroom shenanigans in the Welsh valleys opens with the new captain naked in bed with the chairman's wife. In the week of Schnitzler's exhumation perhaps they should have called the piece "La Rhondda." The player's Welsh rare bit on the side turns out to be a well-conceived functional character endemic to Jeffrey Thomas's plan. Which is to expose the horrendous male chauvinism of locker room social life and well, you know, to *say how terribly chaps* behave when not actually chewing *each other's testicles* in the scrums.

It *reminds* me *of David* Williamson's Australian soccer *play, The Club*. However, it lacks any pretensions of analysing *the national* character of the Welsh and in fact, as a piece of situation comedy, develops as well as its model. It is interesting that the Theatre Clwyd presentation originated from an Antipodean production (in Wellington, with reference to the All Blacks): boardroom bureaucracy the conflict of styles between old loyalist back room boys and thrusting new techniques, the ceremonial opening of beer bottles, the discussion of women's admission ("We've never had women on a Friday night," "Speak for yourself") — the cultural similarities are endless, although nobody really talks about the singing.

Once the play is under way, the captain, Keith (Martin Gower) is gradually locked into conflict with the cuckolded *Les* (Terence Davies, bearing an uncanny resemblance to Len Fairclough of *Coronation Street)*. Their sexual rivalry is reflected in a struggle for favour with the British Lions' selector (Brian Forster) and both claims are somewhat schematically torpedoed in two second-act flash points: Keith *slaps* the hired stripper (Arbel Jones) under reasonably provocative pressure and Les turns on his wife in similar fashion *when she invades the board*room behaving like a recklessly drunk *second-row forward*. In each instance, the selector hovers in the doorway.

The wife and the stripper are carefully composed character studies designed to alienate our sympathies from the men. This assessment in no way diminishes their dramatic impact or the flow of the play and both Miss Jones and Susie *Johns — delivering her lines* through the sort of clenched *teeth you need to defy cliché*—are thoroughly convincing.

On the whole, I much enjoyed Gruffudd Jones's production despite the play's tendency to sound like an arbitrarily sawn off chunk from a television soap opera. It lacks the real punch of selective dramatic incident. And I am not sure that Welsh rugby clubs are *really* like this —are women forever messing up innocent manly pleasures?

MICHAEL COVENEY

Bloomington, Brooklyn, Stony Brook

Opera goes west by ANDREW PORTER

The Opera Theater of the *University of Indiana*, in Bloomington, has a record of high adventure: *Busoni's Doktor Faust* and *Arlecchino*, Rimsky-Korsakov's *Christmas Eve*, the American premiere of Wolfgang Rihm's *Jakob Lenz*, and the premieres of John Eaton's *Danton and Robespierre* and *Cry of Clytaemnestra* are among the things I have flown to Bloomington to hear and have enjoyed there. Its production of Martinu's *Greek Passion* visited the Met and held its own even in that huge house. It has a theatre vaunted as the best-equipped in this country after the Met's (it seats a thousand). *It plays* opera every week.

Janacek's *Mr Broucek's Excursions* is hardly news to Londoners, but the American stage premiere of the piece, which has been given at Bloomington, deserves at least a word. *Makropulos* has long *been in the New* York City Opera repertory and has now been joined there by *Vixen Sharp-Ears*, in a production *designed by Maurice Sendak*, Philadelphia also staged a *Vixen* this year. Baltimore has just done *Jenufa*, and Houston has just done *Katya Kabanova*. It seems that Janacek is at last beginning to receive his due in America.

Bu *Mr Broucek* is the Janacek opera that, for obvious reasons, companies are shy of. (It was the last of his mature works to reach the London stage, in 1978.) I was not fully convinced that the students of the Bloomington presentation, which was produced by Carlos Alexander, *understood* all that the opera is about. But they were *close enough to bring the* wonderful score to life. The *orchestra played* very well. Bryan Balkwill conducted with an ideal combination of *sharp*-edged accuracy and tenderness.

Bloomington's resident designer, Max Röthlisberger, is one of the most distinguished designers who work regularly in this country (yet one strangely ignored by the big-town companies, who should be competing for his services). At the start of the opera, his projected view of Prague led to one of the Charles Bridge seem*ing* vividly present, stretching before us, inviting the audience *to step across to the* Vikarka Inn (which was then realistically presented) and into Mr Broucek's adventures. The work was sung in Norman Tucker's translation.

Another American premiere should also be noted: that of Berlioz's cantata *L'Impériale*, composed to honour Napoleon III at the prize-giving of the 1855 Exhibition of Industrial Products. In his memoirs, Berlioz lists the cantata along with the Requiem, the Te Deum, *and* the Funeral and Triumphal Symphony as his four "archi*tectural*" *works*. *The Brooklyn* College Chorus and Orchestra, *conducted by Harry Saltzman*, gave the performance in the large Whitman Hall of Brooklyn College, and *L'Impériale* crowned a good evening of music for chorus and orchestra: Brahm's *Nänie* and *Schicksalslied*, Berlioz's lovely *Mort d'Ophélie*, his moving Funeral March for *Hamlet*, his seductive *Sara la Baigneuse*. At the close of *L'Impériale*, a hundred tots —the Brooklyn College Preparatory Center Chorus—added their voices and waved tiny tricolors.

But there was no military band (and Brooklyn College has a fine band). Orchestra and chorus weren't big enough for the piece. Mr Saltzman, best known as the conductor of the Sine Nomine Singers, in a much earlier repertory, needed more bandmasterly snap and showmanly flamboyance. The auditorium, American fashion, was darkened, which both dimmed the festivity and made the text *hard to follow*. Nevertheless, the boldness and splendour *of Berlioz's score could* not be missed. Has there ever been a grander occasional piece?

Yet a third American premiere: that of Verdi's *Il corsaro*, given a concert performance in the Fine Arts Center at the Stony Brook (on Long Island) campus of the State University of New York. An adventurous and exciting opera—as I wrote in these pages after its first modern revival, in St Pancras 15 years ago, with Pauline Tinsley *as its heroine*.

Carlo Bergonzi took the title role; and he commands melting effects of line and timbre that make other Verdi tenors of our day seem plain and plebian. Gulnara was a newcomer, Sarah Reese, who is perhaps the nearest thing to "a new Leontyne" that we have heard. The voice is gleaming, flexible, and powerful, the manner properly audacious. David Lawton conducted—and a more stylish and spirited Verdian conductor *neither the Met nor the* City Opera has this season produced.

Italy in Edinburgh

Preliminary programme plans for this year's Edinburgh Festival show that the Italian influence on European culture will be a predominant theme. The Maggio Musicale Fiorentino (Florence Festival Opera) will perform Leonardo Vinci's *Le Zite 'n Galera* (1722) and Salvatore Sciarrino's *Macbetto (premiered in Italy last May)*. Scottish Opera will perform Puccini's *Manon Lescaut* and the opening concert will be Verdi's *Requiem* conducted by *Claudio Abbado*.

Luciano Berio and Salvatore Sciarrino will be in Edinburgh to conduct their own works and Italian composers from Albinoni to Vivaldi will be represented. Sir William Walton's 80th birthday will be extensively celebrated, and the Dresden State Opera will visit Edinburgh for the first time with a new production, by Joachim Herz, of Strauss's *Ariadne auf Naxos* and Harry Kupfer's production of Mozart's *Die Entführung aus dem Serail*.

National Gallery's record 1981

In 1981 the National Gallery attracted 2,737,904 visitors. This is the highest ever figure, *exceeding even 1977, the year* of the Queen's Silver Jubilee.

Two particular events helped to swell the total: late-night opening during July and August when the Gallery did not close until 8 pm on Wednesday evenings, and the exhibition *El Greco to Goya* which was seen by 475,000 visitors, an average of six and a half thousand a day.

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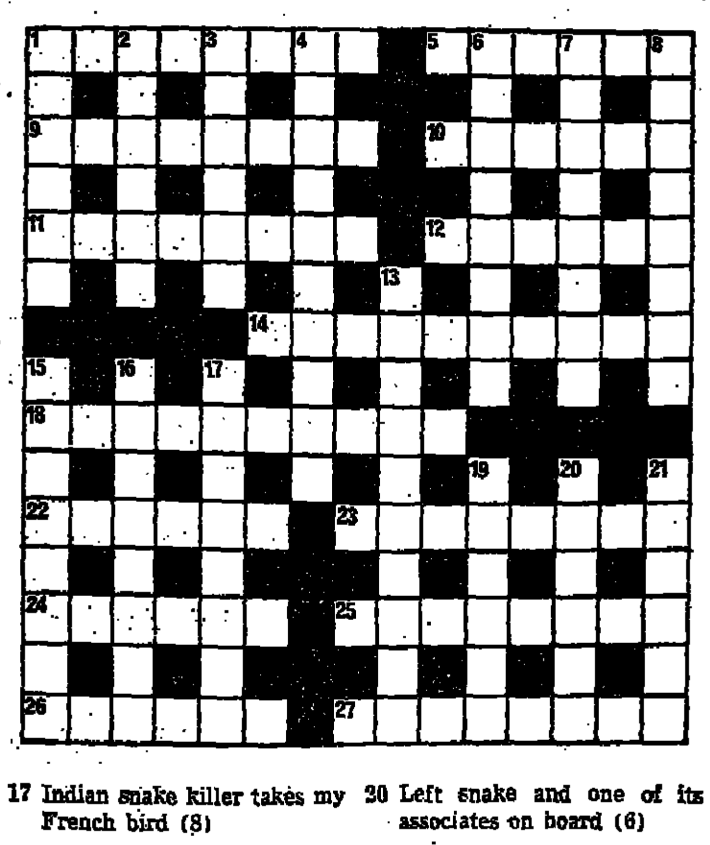

ACROSS

1 A waterfall that may obscure one's vision (8)
5 Husband of Isis or Isis converted (6)
9 Gas inflamed a politician (8)
10 A fisherman's indicator at sea (6)
11 Crashed limousine I must leave in colloidal solution (8)
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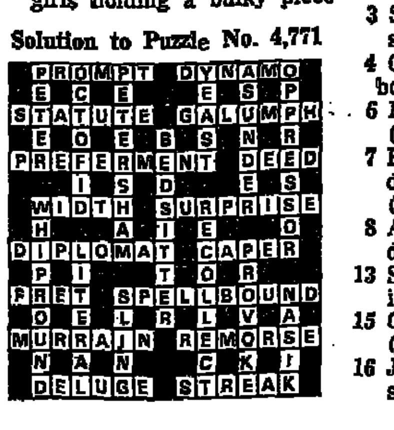
14 Mouthless when fruit is put to us (10)
18 Old Irish soldier with two girls holding a bulky piece of wood (10)
22 Roundabout way for a doctor with time (6)
23 Appease German with one crowd (8)
24 In favour of not returning an elementary particle (6)
25 Biased as a page must be (3-5)
26 Followed, to prosecute in the end (6)
27 Sweet fruit before the fall (4-4)

DOWN

1 Chest of a heavy smoker we hear (6)
2 Refer to a disturbance (4-2)
3 Salad vegetable soldiers serve up (6)
4 Ordinary seaman—Found on board? (6, 4)
6 Flannel and washing agent (4-4)
7 Foundation to cut and 3 down is an example of it (4-4)
8 A man sits awkwardly in a devilish disposition (8)
13 Study a branch of knowledge in a moral sense (10)
15 Ovum on fruit or brinjal (3-5)
16 Join together with doctor on ship to make a lycopod (4-4)
17 Indian snake killer takes my French bird (8)
19 Right mixture of resin for a washer (6)
20 Left snake and one of its associates on board (6)
21 People on incline in hills (6)

Solution to Puzzle No. 4,771



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Friday January 15 1982

How to reform social studies

A COMMON way of debunking acadamic studies nowadays is to compare them with mediaeval disputes about angels on pinheads. But the purpose of those disputes was at the time less academic than practical. Their object was not to calculate how many angels a pin would hold, but to determine whether or not the number was finite. A firm conclusion either way would have resolved the issue of whether angels had corporeal form and so profoundly affected the religious beliefs which exercised a highly practical influence over our ancestors' everyday lives.

The credit for our present relative freedom from such mysticism belongs essentially to academic research as exemplified by the increasingly rigorous scientific thinking and experimental methods associated with Galileo and Newton.

Important

But social studies such as psychology, sociology and even economics still conform rather to the mediaeval mould. As a result, the use of their theories and methods as a guide to governmental and other policy is a distinctly mixed blessing. The key to making them more useful in practice is acadamic research concentrated on the object of making social studies more rigorous—which is not necessarily the same as emphasising statistical techniques at the expense of ideas.

This fact has an important bearing on the inquiry being made by Lord Rothschild, who a decade ago led an investigation of procedures for funding research in the so-called hard sciences, into the value of the Social Science Research Council.

Over its dozen years of existence the council, despite a dominance of academics among its members, has become increasingly concerned to be identified with studies which can be represented as practical. Last year it decided to change its form of organisation, which had previously been designed to select for funding the post-graduate studies and research projects that were most promising academically. The new structure is intended to identify practical issues of public policy on which social studies might shed some relevant light.

By this prime commitment to the practical as distinct from the abstract. however, the council has increased its risk of abolition at Lord Rothschild's behest. The reason lies in the main outcome of his previous investigation of the hard sciences, which has become known as the customer/contractor principle for the public funding of research. Its burden is that public bodies wishing to have questions studied externally should specify their needs as customers, and researchers should act as contractors for the supply of the knowledge required.

Since the council has chosen to concentrate on the kind of studies likely to be most demanded by public bodies, the application of Lord Rothschild's principle would remove any need for the council's existence. But its abolition would destroy the machinery for funding academic research which is not attractive to external customers, or large long-term projects which had a strategic bearing on public policy as well as a scientific end in view.

Solution

If the funding of these activities were transferred to the Department of Education and Science, for example, the results could be unsatisfactory. Strategic projects and the institutions engaged in them would be vulnerable to changes in political fashion. Civil servants would not be sufficiently expert in the subjects to decide which academic research had the best prospect of developing greater rigour. The funding of both these types of activity would be better entrusted to a body composed largely of leading academics in the appropriate areas of study. organised in the present council's previous form.

A sensible solution would be to make the council more compact and return it to its earlier shape. Funding of shorter-term practical research could be left to customers. Postgraduate training more vocational than theoretical, such as master's degrees in management, could be administered by the Education Department or one of its counterparts. The reconstituted council would be concerned solely with insulating the strategic projects from interference by the government of the day and with applying the funds made available for academic research to the development of a social science truly worth the name.

President Zia's next steps

THERE WAS no standing ovation for President Zia Ul-Haq when he inaugurated Pakistan's new Federal Advisory Council this week, no cheering crowds. The only burst of genuine enthusiasm detectable in the polite applause he received was when he announced the partial lifting of Press censorship.

In spite of President Zia's repeated assurances that he does not intend holding on to power longer than he feels is absolutely necessary, and that the new council is a "new beginning" which will eventually lead to civilian rule again, Pakistanis are not overjoyed.

The anti-Zia parties, based largely on the strength of the Pakistan People's Party, formerly led by Zulfikar Ali Bhutto, the man executed by President Zia when he seized power in 1977, remain implacably hostile to the general. This is understandable. At the other extreme, the Islamic fundamentalists are less vocal but nevertheless pose a brooding threat to the regime should it fail to move far enough and fast enough towards a full-blooded Islamic state.

Healthy sign

In the middle, most Pakistanis have reacted to this week's events with cautious optimism and qualified approval. They rightly see the new council as a healthy sign but are waiting to see how it performs.

At present it is toothless. The council has no legislative powers. It cannot even vote on its deliberations. Its members have been picked because they have a "clean and unblemished reputation." They have been asked by President Zia to suggest ways in which Pakistan can be eventually returned to civilian rule, to what he describes as "Islamic democracy." What he means by this is not clear though it certainly does not mean Iranian-style rule by the mullahs. President Zia—a pious but not fanatical Muslim—feels they should stick to the pulpit.

Since his coup, President Zia has given Pakistan four-and-a-half years of badly needed stability, a breathing space after the traumatic breakaway of Bangladesh in 1971 and the turbulence of the last years of President Bhutto's volatile rule.

President Zia's rule has been firm, sometimes harsh. But he is not a dictator. What he lacks in depth he makes up for in guile. He has wisely chosen to divert opposition wherever he could rather than crush it mindlessly as some of his predecessors would have done. He has consolidated his power within the army—"my constituency"—and has won the grudging admiration of his opponents as an astute political operator.

But all this may not be enough. Pakistan is a country beset with problems. Externally it is surrounded by instability and hostile forces: Russian troops in Afghanistan which have triggered a massive exodus of refugees into Pakistan's unsettled tribal provinces; a revolution in Iran which could spill over into Pakistan; and a continuing state of tension with India, each country devoting unacceptably high resources to meeting the threat they perceive from each other in Kashmir and the Punjab.

Internally the economy is in reasonable shape. But there are danger signals. This year's wheat harvest could be badly hit by drought, the search for oil has proved a bitter disappointment so far

Backing

President Zia will need the support of his people to solve these problems. This applies as much to negotiations with the regime in Kabul as it does to a "no-war" pact with India. No Pakistani leader could negotiate a settlement over disputed Kashmir which gave away an inch of territory without popular backing and there can be no lasting peace with India unless the issue is resolved.

The Federal Advisory Council is no substitute for an elected Parliament. But it is a start. President Zia should broaden its base to give him the popular base he manifestly lacks. He should also give it teeth as a first step towards the restoration of democratic rule. And he should resist the temptation to muzzle it if it shows signs of biting.

THE ACC BATTLE

Lord Grade at bay

By John Moore

THE lights were ablaze in the early hours of yesterday morning in the offices on the top floors of the headquarters of Associated Communications Corporation (ACC), the entertainments empire built up by Lord Grade. Executives toiled way into the night attempting to negotiate one of the most complex changes of control of a company that the City has seen for some time.

Downstairs in the front hall of the headquarters near London's Marble Arch, waiting chauffeurs walked out into the cold night air at regular intervals to warm the engines of the saloons that would eventually transport tired bankers, executives and tycoons back to their homes and hotels.

For the last few days one of the most remarkable careers in the history of the entertainments business has been in the spotlight. And last night Lord Grade, 75, agreed to hand over the control of the company to an Australian entrepreneur, Mr Robert Holmes à Court, more than 30 years his junior.

A one time professional dancer, who was born in the Ukraine, Lord Grade's business career started as an agent. Through an investment in ATV, one of the first companies to gain a franchise to operate in the new commercial television service in the 1950s, Lord Grade assumed control. The empire now encompasses a 51 per cent stake in Central Independent Television, the company which took over the ATV franchise in the Midlands; the Elstree film studios; Pye records, Northern Songs of Lennon and McCartney fame, the former Beatles; the London Palladium, the Theatre Royal Drury Lane, Her Majesty's Theatre and 80 or so Classic cinemas.

The company became a personal fiefdom for Lord Grade who was the largest voting shareholder of the group. He and Lady Grade held between them 27.6 per cent of the voting shares.

The company that Mr Holmes a'Court is now set to control facing the most difficult period in its history, largely because of its involvement in film production. In the 1960s ACC's profits from television programme exports grew rapidly on the strength of Lord Grade's legendary salesmanship and on the appeal to the Americans of ATV Network series such as "The Saint" and "The Persuaders."

By 1967, ACC, then ATV, was the 13th most profitable company in Britain in terms of after tax return on invested capital. Profits from activities other than broadcasting reached £2.5m and most of that came from television programme exports.

However, by the early 1970s the U.S. television networks became reluctant to gamble on foreign made television series. With profits on the wane in programme exports Lord Grade decided instead to exploit the U.S. networks' interest in full length films.

Lord Grade's ambitions to become a movie mogul extended in other directions. He invested heavily in distribution and cinemas. In February 1979 he snapped up Mr Laurie Marsh's Intereuropean Property Holdings, owner of the 80 or so Classic chain for £12.8m. It was a deal allegedly concluded in two minutes when Lord Grade bumped into Mr Marsh in the West End.

At about the same time, in partnership with EMI and others, he set up a film distribution company in the U.S., Associated Film Distribution.

Both deals turned sour. The Intereuropean deal was concluded at a 60 per cent premium to the then market price of the shares. Intereuropean had forecast a profit of £2.8m in 1979 but only made £1.75m. Meanwhile Lord Grade soon found that distributing films in the U.S. had become as expensive as making them.

Only one in 30 or so films which the Grade empire made has achieved anything like adequate commercial success, and that was the Muppet Movie. "Raise the Titanic" was the most notable disaster and effectively sunk other board members' commitment to film production. It ran up production costs of $35m and losses of $16m before interest charges, prompting Lord Grade to observe that "it would have been cheaper to lower the Atlantic."

Between 1978 and 1981 group pre-tax profits of ACC slumped from £13.7m to £2.62m as turnover climbed from £113.6m to £249.9m.

There have been other pressures. The Independent Broadcasting Authority ordered ATV, the television network which once formed the cornerstone of the Grade empire, to offer 49 per cent of its shares to outsiders after competition from two other contractors and suggestions that ATV was too London-based. In the 1950s, when Lord Grade made his initial investment in ATV, and the 1960s Associated used the large televison revenues as a cash flow to diversify and financ the move into feature films.

Lord Grade, his staunchest support ers, and Mr Robert Holmes à Court

Now Central Independent Television, the renamed ATV group, is under new management with ACC holding a 51 per cent stake, and subscribing shareholders have been told that Central is budgeted to make a loss before tax of £2m in the 15 months ending March 31, 1983, but could be making profits of £8.9m in the year ending March 1985 although some uncertainty surrounds these figures.

With difficult times in store a reassessment of Lord Grade's personal management style was already taking place in the City. An entrepreneurial approach with seat of the pants commercial decisions being made by the chief executive is fine when a company is growing. But broader detailed management skills are required when a company needs to consolidate its expansion programme and rationalise.

Speculation mounted that all was not well in the Associated boardroom when at the end of 1980 is was revealed that an executive committee was to be formed, headed by Mr Jack Gill, the group managing director who had joined ACC in 1955 as chief acountant. Although two other directors were on the committee, Lord Grade was conspicuous by his absence. Lord Grade stated that *he* appointed the committee to allow him to get on with the running of the business. "It would be ludicrous to suggest that I am being phased out."

But by September last year Lord Grade and Mr Gill, 62, had fallen out and Mr Gill's resignation was announced. Two days before Christmas, ACC revealed half year losses for the six months ending Sept[illegible], 1981, of £8m compared wi[illegible] of £3m in the previous[illegible] year, and losses on film p[illegible] of £12.25m, compared [illegible], and declared no div[illegible].

At the time of ann[illegible] the half year losses AC[illegible] Lord Grade, the largest v[illegible] holder, told the 34 [illegible] individuals, who betwee[illegible] 100 per cent of the v[illegible] of the group, and [illegible] to vote on major [illegible] at general meetings, t[illegible] compensation payment [illegible] was to be made to M[illegible]. In addition it was propo[illegible] be allowed to buy [illegible] company house for £[illegible] Mr Gill would also be e[illegible] a company pension of [illegible] a year.

The City row whic[illegible] over the payment t[illegible] Gill brought to a spectacu[illegible] a troubled period [illegible] ACC's history. Institution[illegible] holders were furious. They, like the other 11,0[illegible] shareholders outside t[illegible] can only hold non-vot[illegible] "A" shares quoted on t[illegible] exchange. These do [illegible] them to vote on maj[illegible] room decisions. The[illegible] tions took the rare [illegible] of launching legal action [illegible] the payment to Mr Gill [illegible] made their move be[illegible] compensation paymen[illegible] be approved by voting[illegible] holders.

Led by Mr Ralph Q[illegible] chief executive of th[illegible] Office Superannuation F[illegible] other insurance compan[illegible] pension funds with 14[illegible] under management whic[illegible] bought shares in ACC[illegible] seeking an injunction to[illegible] the payment in the courts.

For ACC this was a [illegible] blow to its credibility, c[illegible] on top of the fact that bo[illegible] Leo Pliatzky, a former [illegible] British civil servant and a[illegible] ACC Board member, and [illegible] Matthews, of Trafalgar H[illegible] and another director, [illegible] openly critical of the paym[illegible].

Behind the scenes the [illegible] Australian had been mo[illegible] with some stealth. Mr Holm[illegible] Court, much admired by L[illegible] Grade, last July increase[illegible] stake, which he had been bu[illegible] ing in the Grade empire's n[illegible] voting shares for some mont[illegible] in dramatic fashion. It [illegible] revealed that he had acquir[illegible] 21.7 per cent on the non-voti[illegible] "A" shares of ACC just t[illegible] weeks after the group report[illegible] £26.4m in losses on films [illegible] 1980-81 and pre-tax profits [illegible] only £2.6m compared wit[illegible] £11.6m.

By Christmas he ha[illegible] increased his stake to over 5[illegible] per cent of the non-voting shares.

Lord Grade invited him to join the Board and allowed him to purchase 3 per cent of the tightly held voting shares.

Always maintaining that he would continue his role as chairman and chief executive until the year 2001, Lord Grade told journalists at last year's difficult annual general meeting, not long after the departure of Mr Gill, "I am 34, and I can still do the Charleston. Who the hell can lead a coup against me?"

AN AUSTRALIAN WITH LARGE AMBITIONS

Mr Robert Holmes à Court, the 44-year-old Australian described by Lord Grade as "like lightning," started his entreprenurial career in a relatively modest way.

In January 1970 he took his first major commercial gamble which brought him wider attention in the Australian business community. He bought a 21.1 per cent stake for A$75,000 in The Western Australian Worsted and Woollen Mills, an ailing textile company incorporated in 1923 as the first woollen mill in Western Australia. He joined the board and turned round the fortunes of the company through an expansion and diversification programme aimed at increasing the company's asset backing. He persuaded the state government to write off a large part of the loans to the textile company.

In November 1973 the textile company moved to takeover Bell Brothers Holdings, a Western Australian transport and civil engineering group then suffering losses of A$3m in 1972 and 1973. An A$11.6m offer was made by Western Australian Worsted, which acquired 82 per cent of the company. Later the textile group assumed the name of The Bell Group and has become Mr Holmes à Court's master company.

From a suffering road haulage contractor and civil engineer Bell was transformed into a conglomerate with media interests.

In the last year or so he has demonstrated that his media ambitions are extensive making a partial bid for Herald and Weekly Times, the Melbourne based printing and broadcasting group which was rejected. He also made an offer for The Times of London when the Thomson family put the titles up for sale. Again he was unsuccessful.

In its last financial year ending June 1981, Bell reported a net operating profit of A$7m after tax, which compared with A$916,000 when the Holmes à Court regime took over.

Mr Holmes à Court has the reputation of being a very aggressive stock market investor. On a number of occasions he has bought large minority shareholdings in companies only to be bought out at a big profit in outright takeover bids.

However, he has been persistent in his efforts to acquire control of the Grade empire.

Like Lord Grade, Mr Holmes has a penchant for cigars, but the long thin variety rather than Lord Grade's king size models.

Somewhat aristocratic in bearing, with a taste for smart cars—he is said to own four Rolls-Royces—and a passion for race horses and paintings, Mr Holmes à Court is the grandson of the brother of the fourth Baron Heytesbury and is proud of the family motto "increase by labour grow large." His 300 hectare stud farm with more than 100 horses is named Heytesbury Stud. He operates from a top floor in a 28-storey insurance building overlooking the Swan River at Perth.

Men & Matters

Topping out for Phillips

"Wanted: executive, distribution trade. Candidate should have in-depth experience of senior executive, responsibility. Building industry background an advantage."

Next time I see a job advertisement like that around, I shall send it by way of a friendly gesture to Michael Phillips, who was packing his bags in Bristol last night at the end of 21 years at builders' merchants UBM, where he was chairman and chief executive.

"In business," said Phillips philosophically, "those who live by the sword expect to die by the sword."

Phillips had felt that, with perhaps one important exception, he had his Board with him when he proposed a big investment drive to counter the bumps UBM was feeling in the cyclical building industry. On his return from a December trip to the United States, he found a very different atmosphere — and a request that he give up the chief executive's job and confine himself to a non-executive chairmanship.

"I wasn't going to be some headless, armless chap who merely calls out the headings at board meetings" is his reply to that idea, "there is no such thing as a non-executive chairman."

Phillips is succeeded in what he would clearly regard as a mythical job by Gerald Wightman, head of the Sketchley cleaning group.

The last man behind the UBM chief executive's desk was Bob Thornton, who went on to run Debenhams. Given his own drive to push UBM further into the retail market, perhaps Phillips too might think about findin ghis next job in the high street.

"They'll probably have to give his Lordship a gigantic golden cigar!"

No kidding

Groan of the week comes from Terence Conran (push) chairman of the nascent Habitat/Mothercare group. He is threatening to call the new parent company—brace yourself—The Parent Company. Pass the Anglepoise, Fiona, I can't take much more of this.

Free wheel

One spark of protest, I see, stubornly burns yet in the German university town of Heidelberg where over 100 householders began a demo against nuclear energy two years ago by deducting 10 per cent from their electricity bills.

As the power company cut off their supplies, the campaigners gradually capitulated. Except for a student and his girl friend. They have escaped the blackout by generating their own electricity by bicycle.

The bike is mounted on a stand in the living room. Its rear wheel powers a dynamo that feeds five car batteries on the bookshelf. A half-hour's pedalling generates enough electric power for the day—and a solar generator on the window ledge ensures the batteries do not run flat.

This home-made power station runs the lights, stereo, vacuum cleaner, electric typewriter, washing machine and refrigerator. They switched off the TV set to conserve energy. "Too much was being squandered on mediocre programmes," they say.

Altared states

"Sterile zones" are apparently going to be the key to ensuring the Pope's safety during his visit to Britain in the Spring. Nasty germs, like non-official people, will be swabbed out of the Papal path—a Mass to be said in Manchester, for instance, will call for 35 road closures.

Good luck to all those involved, and I hope the papal security briefing given at Manchester Town Hall yesterday was not typical of the way things will be handled. It had to be halted midway when it was feared that intruders were busy in the cloakroom rifling the pockets of the coats of the guests in the Mayor's Parlour.

Gold reserve

Facts about Russian gold are fewer than figs in Finsbury Square. Even though more is being sold to the West, the Kremlin has precious little to say about it except for its disappointment with the price.

A rare treat, then, for the readers of the East German Berliner Zeitung to be given a peep inside the Siberian goldfields—"the most important hard currency factory of the Soviet Union."

The newspaper's Moscow correspondent admits even he did not get there himself. But he did talk at length to Vladimir Bondarenko, who drives a bulldozer at a "collective gold mine" at Burchala in eastern Siberia.

There are hints of the use of forced labour at the mine until after Stalin's death but Vladimir's account suggests that working conditions now are good.

The State pays the collective 3.20 roubles (£4.32) a gram for the gold it produces, he says. Workers are paid between 300-500 roubles (£400-£660) a month, which is well above the average Soviet wage, and receive another payment at the end of the six months' mining season in October based on the amount of ore extracted.

"Laws are tough" in the mining villages, Vladimir recounts. Alcohol is sold only on holidays and the miners "usually do not work only an eight hour day."

Mining stops when the temperature falls permanently below —40C. Two months are occupied in repairs and maintenance and the miners are said to have four months' holiday.

Vladimir explains that he is not the least interested in the gold itself. "It leaves me cold outside my working hours."

Play for today

Had I not seen it with my own eyes, etc. . . . A shop in Queensway is selling a children's game called "My Dog Has Fleas." "It's the game you're itching to play," reads the snappy blurb on the box. "Doggy has friendly fleas. Make them pop off, one by one."

Purrhaps

"Entrechat"—a neutered tom.

Observer

U.S. STEEL IMPORTS

Battle in a 'stone dead' market

By David Lascelles in New York

"America is the only major industrial nation that is incapable of producing all of its own steel requirements."

THE BALD claim behind the crisis that has burst over the U.S. and its major trade partners over steel imports could hardly have been summed up more bluntly. Those words came from the American Iron and Steel Institute, the U.S steel industry's trade association, which is fighting to protect the markets—and in some cases the very existence—of its members from "unfair" competition from abroad.

The row about steel has been rumbling for years. But it has been brought to a head by the slump in the U.S. steel market and the state of near despair into which American steelmakers have been driven by the fact that there is almost no prospect of any improvement in the months ahead—or possibly this year.

"A disaster" is how Mr Peter Marcus, one of Wall Street's top steel industry analysts, described it this week. "Stone dead" said a European importer, adding that even the most optimistic forecast is only for an "agonisingly slow recovery."

Total deliveries of steel to the U.S. market by U.S. producers last year were 87m metric tons, a slight improvement on the 84m tons of 1980. But this upturn is deceptive. For one thing, both these figures mark a sharp drop from the 100m tons delivered in 1979 and are way below the 111m tons of 1973, the industry's best year ever. At the present rate Mr Marcus estimates that deliveries in the first quarter will only be 18-20m tons, and only 84m tons for 1982 as a whole. The total U.S. steel market—imports and domestic production—is around 100m tonnes.

Worse still, the foreign share of deliveries reached record levels last year. Last August, import penetration hit a record 25 per cent and it probably averaged 17-18 per cent for the whole year, up from 16.6 per cent in 1980. One third of the 19.5m tons of imports (15.5m in 1980) came from the EEC countries with the rest coming mainly from Latin America, the Far East and some Communist countries like Romania.

For domestic steelmakers, the scale of the present problem can be seen in the dismally low capacity utilisation figures. Here, again the trend is gloomy. From a high of nearly 90 per cent last spring, the peak of the brief recovery the U.S. economy enjoyed between its two latest recessions—capacity utilisation had fallen to below 65 per cent by November, and stood at about 60 per cent by year end. The sheet goods industry is worst hit at 40-45 per cent.

About 85,000 steelworkers have been laid off or put on short weeks, and countless furnaces shut down. But some steelmakers have taken a gamble and banked the fires so as to be able to start them up quickly should the recovery come sooner than expected.

In the market itself, this slump has led to cut-throat competition which has made a laughing stock of list prices. Producers shy away from sharing their lists with anyone except bona fide customers, so the exact scale of the discounting that has broken out can only be estimated, albeit by well-informed observers.

Competition made a laughing stock of list prices

The "composite" price for steel on the U.S. market is currently about $590 a metric tonne, which is about $100 above prices in Europe. The reasons for the difference are hotly disputed and lie at the heart of the trade crisis: Americans blame the strong dollar and foreign subsidies, importers blame high U.S. labour costs, and the failure of U.S. industry to invest in new equipment, a pointed accusation given U.S. Steel's recent $6.3m takeover bid for Marathon Oil.

The composite price is based on the average of various types of heavily traded steel. Officially, discounts of up to $25 a ton are available. In the last fortnight several large steel companies including U.S. Steel, Inland Steel and Republic Steel have announced "official" discounts of up to 5 per cent on large orders or obscure, specialised items.

However, actual discounts can be much higher. Mr Marcus estimates, in the price watch that he keeps, that they amounted to $70 a ton for "spot" carbon steel plate in December, which, he says, is the worst price slashing since the 1930s. Since then, another trader estimates they have risen a bit further to probably $80 a ton—or 13-14 per cent below list price. This, however, represents the cut and thrust in the hottest markets. In markets where supply and demand are less fluid discounting is smaller, probably 4-5 per cent.

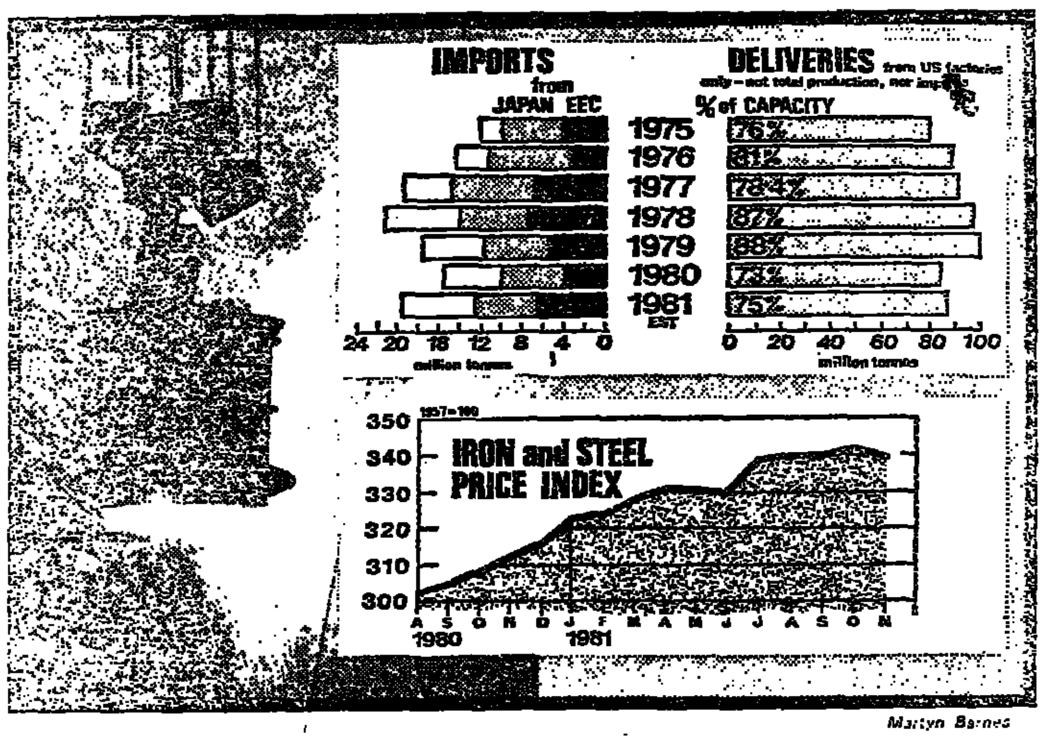
In one sense the importers have benefited from this. Their lead times for delivery are so long—three months or more—that they have been unable to cut back supplies as quickly as domestic producers. With bulging inventories to offload, they have been forced to cut prices more than most and have gained market share almost involuntarily as a result.

This has inevitably helped push their prices close to or below the trigger which has set off the steel trade crisis. The trigger price mechanism is actually a thick book of figures setting "fair" trading prices based on their home production costs. Selling below the trigger price is not itself an offence.

In the final quarter of last year, the base trigger price for hot rolled carbon and alloy steel plate, a widely used type of steel, was $373 a metric ton, to which traders must add $34.50 for freight and $25.28 for handling and interest costs thus pushing the full trigger price higher. To complicate matters, they might have to add up to eight further "extras" for thickness, quality and so on, totalling as much as $130. This brought the trigger price close to the heavily discounted market prices. In practice, traders say, many foreign supplies have been selling at $50 or more below "trigger," usually gambling that the U.S. Government would rather tolerate trouble on the domestic steel market than risk a trade war with its allies—wrongly as it now turns out.

Ironically, the strengthening of European steel prices due to enforced cutbacks in production in the last few months has narrowed the gap between foreign and American prices. However, producers in the countries named in the complaints (Belgium, France, Italy, Luxembourg, The Netherlands, Britain, West Germany, Brazil, South Africa, Spain and Romania) are being careful not to price their product below the "fair value," on their home markets because of the investigations that are about to start, though "fair value" is itself an elusive yardstick. Foreign suppliers who were not named in the complaint, on the other hand, are now freer to price at will since the trigger price mechanism was automatically suspended when the U.S. steelmakers filed their complaints last Friday.

With the U.S. economy in an unsteady state and broad disagreement among economists about the timing of the recovery, the steel market is now in a state of flux. Extra uncertainty has been injected by the dumping complaints, which will take months to investigate and, if proven, will result in reprisals. However, demand is unlikely to be much stronger than last year, and imports may be down quite sharply if quotas are imposed.



Martyn Barnes

WHAT HAPPENED TO DEMAND

THE U.S. steel market is dominated by the close ties between producer and consumer. Three quarters of shipments move directly between the two: only a quarter go through middlemen or service centres.

In previous years the well-advertised weakness of big steel consumers like the car industry and housing was offset by strength in other areas. The oil drilling boom set off an explosion in demand for so-called "oil country tubular goods" (OCTG): well linings, drilling stems, pipelines and so on which the domestic industry could not hope to meet in full.

Similarly, the strength of the capital equipment business and machine tool-making fuelled by massive retooling in the auto and aviation business sustained demand for heavy plate, bars and various types of formed steel.

But much of that has changed in the past six months. The machine tool business has gone into a slump. The energy exploration business is still working flat out, but has run up against capacity constraints. Importers and domestic producers have also rushed to cash in on this market, pushing supply as much as 50 per cent above demand.

The only other lively sector—construction steel—has held up mainly because of the long lead time in building skyscrapers, bridges and other large civil engineering projects. But this may well mean that the heavy construction sector will suffer a delayed recession

The two largest markets for sheet metal — autos and household appliances—meanwhile show no sign of recovery

Lombard

The IMF: banker not planner

By Nicholas Colchester

A DESIRE for global economic dirigisme is a common thread running through many of the calls for International Monetary Reform and a New World Economic Order. If only there was some supranational institution — powerful, imaginative, decisive but of course "accountable" to just about everybody —which could manage the world economy, then oil bills would be paid, hunger could be properly tackled and that invigorating post-war feeling of economic confidence could be restored.

So it is with "The IMF: time for reform," a Young Fabian pamphlet written by Nick Butler of the Royal Institute of International Affairs and published this week. He maintains that "the instrument which Keynes helped to create, in order to build a sense of international co-operation and a process of economic management, has been perverted over the past ten years."

His arguments are based partly on political convictions and partly upon practical considerations. His political anger derives from the IMF's undoubted suspicion of the economic policies of socialist governments. The IMF's standard bugbear is excessive government spending, and its standard prescription, austerity.

Nick Butler seems undecided whether the IMF should impinge on national sovereignty or not: perhaps his answer is that it should, provided it supports the sort of policies he approves of. Thus "control must rest in decisions made by Governments, not in the palatial halls of central banks" and the IMF should encourage development "along paths suitable to, and chosen by, the countries concerned."

But on the other hand, he envisages the IMF as a development agency aiming to solve trade deficits by stimulating export growth. "Such a change in philosophy will inevitably involve the IMF in judgments about particular industries and sectors," he says and then concedes that "the process of global economic management will inevitably involve some sacrifice of strictly national sovereignty."

The pamphlet is on sounder ground when it touches upon practical arguments for a change in the Fund's ways. It is evident that the change in the pricing of oil—which made oil an energy price follower rather than price leader—cannot be regarded as a problem susceptible to short, sharp shock treatment. It is also evident that the Fund cannot ignore the political effects of its prescriptions if these include a collapse of public order or a breakdown of democracy.

What is lacking here is any recognition that the mandarins of the Fund have already changed their ways. In the first nine months of last year the Fund committed itself to loans of SDR 9.3bn ($10.7bn) to developing countries compared with SDR 7bn in the whole of 1980 and SDR 2.2bn in 1979. The Fund ignored the disapproval of the U.S. in setting the terms of its recent large loan to India.

But should the IMF, "remote from political events, unaffected by the consequences of its own actions and policies and almost immune to political influence," roll up its sleeves and chivvy its flock of members out of recession? Should the IMF "plan and co-ordinate the process of reviving the international economy?"

The Fund must certainly not emerge as an engine of international planification. The World Bank already exists to develop the supply side of developing economies, combining flows of finance with flows of advice, and the Bank must seize the new opportunities for useful investment thrown up by the rise in energy prices.

Like a bank manager, the job of the IMF is to tide its members over difficult periods while keeping their financial affairs in touch with reality. A bank manager's weapon is to restrain, not to prod or to push his clients in imposed directions, and like a bank manager the IMF must be more sympathetic in its restraint when times are hard.

The IMF: Time for reform: Young Fabian pamphlet, 85p.

Letters to the Editor

Energy consumption and greater economic activity

From Mr L. Brookes

Sir,—Although I find it easy to accept the diagnosis by Begg, Cripps and Ward (January 6) I find it hard to accept their cure —namely sustained high oil prices—as having more than short term relevance.

The authors seem to have in mind that it will be sufficient to leave it to high fuel prices to bring about conservation and substitution into other fuels. I think this is unsound.

Substitution out of fossil fuels was going more rapidly before 1973 than since. More nuclear stations were being ordered then than now. Substitution of more efficient plant tends to take place more readily in buoyant conditions (relatively low commodity prices, including those for fuel) than in times of economic uncertainty. Claims have been made for an energy conservation response to raised price but it is very hard to disentangle genuine improvements from effects upon the statistics that are due simply to the reduction in economic activity.

There seems to be no dispute that economic activity is greatly influenced by the availability of energy. This implies a closed system likely to tend—some time after a price hike—towards an equilibrium in which the new real oil price is not outrageously higher than before the hike but in which energy consumption and economic activity are distinctly lower.

Conservationists wonder why the raised price has not induced more energy saving. Economists cannot believe that such a small real price increase can be responsible for so much damage. The explanation is that the new price is represented by a point on a very different supply curve from the original one. This same price on the old supply curve would correspond to a much higher level of energy consumption and economic activity.

Although there may be a short term case for some sort of oil import tax (to reflect costs—like balance of payments difficulties—not usually included in prices or to capture some of the producers' rent) the long term solution must lie in efforts to make good the loss of availability of energy to the economic system, placing investments to increase the supply of energy at modest cost thus helping to push the all-energy supply curve back towards its original position. The long term path of oil price would still be upward but its position would not be so high up the graph paper and it would be associated with a higher level of economic activity than would otherwise be the case.

L. G. Brookes.
16 Ipswich Road,
Bournemouth, Hants.

Complex situation in Poland

From Professor J. O'Connell

Sir,—Given the complexity of the Polish situation there is surely every reason for Western Europe to take the cautious stand that the EEC Ministers have taken. Though the Polish set-up derives from Russian-imposed post-war settlements in Eastern Europe it seems a pity that the U.S. Government has not recognised that the present Polish crisis owes at least as much to the evolution of Polish politics as to Russian pressures. Moreover, by confronting the Soviet Government too soon the U.S. Government leaves that Government with less room for manoeuvring later on as well as encouraging it also to play down the internal Polish conflict.

What should Western Governments do? I would like to argue that they should direct their immediate pressure on the Polish Government. While our Governments can sympathise with a Government struggling to maintain a fragile and uncertain political order — some political order is necessary in any country — they can also indicate that they are unwilling to accept that Solidarity activists and other Polish activists should be detained or that reforms wrung out of a previous Polish regime should be indefinitely suspended or reversed. In other words, they should bring their influence to bear on the Polish Government to reconstitute a dialogue with Solidarity and other activist groups, including the Catholic Church, that could enable the regime itself to evolve. Western countries, including the U.S., have more than enough economic muscle to do this.

The present Polish Government may well be glad to be able to offer reasons to the Soviet Government for moving towards greater liberalisation and democracy. Martial law in its present form is a wasting asset. It can endure only temporarily in face of the sullen resistance, work-place go-slows (much more effective than temporary miners' sit-ins), industrial and agricultural failure, and lack of foreign exchange and machine parts. The only Polish alternative would be a repressive military dictatorship which could well lead to further economic decline and create danger of civil war

The Soviet Government must be desperately hoping that the Poles can deal with their own affairs. A Polish invasion would lead the USSR into imposing severe economic costs on its own over-stretched economy, confronting awkward military problems, and running into international odium and more generally agreed sanctions. A Polish invasion would also jeopardise talks on nuclear arms limitation which the Soviet Government is greatly aware may well be essential to the survival of its own people.

For the first time an Eastern European regime has had to replace the doctrinaire legitimacy of the Communist Party with an old-fashioned military take-over which has no legitimacy except its own effectiveness. No more ominous change has taken place in Eastern Europe since 1945. Moreover, attitudes and structures have developed in Poland that are irreversible.

(Professor) James O'Connell,
School of Peace Studies,
University of Bradford,
Bradford, West Yorks.

Financial democracy is accepted

From Mr D. Cutler,

Sir,—Whatever may be the final outcome, the GUS "affair" very clearly demonstrates the foolishness of those who invest in non-voting shares.

Some 30 years ago the undesirability (to use no stronger word) of this type of capitalisation had become very obvious and there was a movement among certain institutions to discourage investment therein and to decline to underwrite new issues of that type even when there was no likelihood of under-subscription.

Most regrettably the movement did not at that time receive full support from some quarters of the City but pressure was maintained and in due course, like water dripping on a stone, the necessary impression was made. The turning point was probably reached when Marks and Spencer saw the light and enfranchised its non-voting shares. Various unrepentant cases still remain in existence but the principle of financial democracy is now largely accepted without question.

D. G. S. Cutler,
Lacmaine,
9, Woodlands Road,
Surbiton, Surrey

Effectiveness in communication

From the Executive Director, Hay Communications

Sir,—Much of Bob Ramsey's article on "The long hard road to industrial harmony" (January 4) was purposeful, and thought provoking and will provide useful guidelines for many managers seeking to improve Britain's industrial performance.

I applaud his emphasis on improved communication but I suggest that effectiveness of communication should be the concern. Giving information is not the same as putting over a message. Concentration on the "means" of communication too often causes a lack of focus on the "ends" required. Lack of [illegible] who gives the information frequently undermines its credibility and often the [illegible] of key line managers.

The thrust of his article seems to be toward enhanced union [illegible] and structures and improved dealings with representatives so as to strengthen their leadership. But as he [illegible], despite giving unions [illegible] and trust and respect, "we did not get the real breakthrough in attitudes that we needed to compete in the international league."

Perhaps the broader education of employees, their greater diversity of interests, their [illegible] appreciation of the world at large has increased individualism and rendered collective representation via Unions less [illegible]. Declining union membership seems to reflect this [illegible] and suggests that in future any increased emphasis in communication and leadership should be directed mainly at the individual employee and his or her immediate work group if we are to make any further progress in industrial harmony.

D. M. Watkins,
Hay Communications,
52 Grosvenor Gardens, SW1

Hard road to harmony

From Mr C. [illegible]

Sir,—Bob Ramsey's long hard road to industrial harmony (January 4) is gobbledegook.

There are 56m of us to share what we make and do. Our standard of living is higher when there is more to share.

A simple message can be [illegible]. Using too many words confuses. Mutual understanding leads to harmony. If our industrial and political leaders communicated simply we could have harmony.

C. [illegible]
"[illegible]," Gunhouse Lane,
[illegible], *Stroud, Glos.*

Associated Newspapers profits decline to £16m

SECOND-HALF taxable profits of Associated Newspapers Group fell sharply from £10.24m last time to £5.46m leaving the full year figure to end September 1981 down by £6.31m to £16.24m. Turnover for the 12 months dropped from £238.63m to £229.47m.

When reporting a reduction in first-half pre-tax profits from £12.31m to £10.78m, the directors had warned that second-half earnings might be lower.

Yearly earnings per 25p share before extraordinary items are shown as 25.5p (36.7p) before an exceptional tax credit of £4.17m (nil), and as 39.2p after the tax credit. A final dividend of 5.9p (same) maintains the total payment at 10.4p net.

Tax took £8.48m (£11.38m). Including the exceptional tax credit and extraordinary items of £0.38m (£17.7m debit), which relate to the Jetlink Ferries closure, net earnings came through at £12.3m, compared with a deficit of £6.56m. Dividends again absorb £3.16m.

The pre-tax figures were after associates' share of £3.17m (£3.57m), investment income of £2.91m (£1.82m) and interest payable of £0.33m (£1.45m receivable).

HIGHLIGHTS

Lex looks at **Burmah Oil's** full offer document for **Croda** which includes a raising of the bid price for the deferred shares though the ordinary remains unchanged. The column then moves on to discuss the results from two major companies reporting yesterday. **Thorn EMI** has produced a 17.9 per cent advance in half-time profits to £45.5m thanks to increases overseas. At **S. and W. Berisford** profits before tax for the year show a 12.7 per cent improvement to £40.7m, largely due to the acquisition of a 40 per cent stake in British Sugar. On the inside pages **Associated Newspapers'** profits have tumbled with the second-half contribution roughly halved. However, the dividend has been maintained.

In current cost terms, taxable profits were down from £18.06m to £11.64m.

● comment

Associated Newspapers warned of lower profits in the second half and indeed the pre-tax figure is roughly halved. There are some big swings at the trading level; the huge losses from the Evening News have ended, the regional newspapers have suffered a sharp decline and the Daily Mail has swung into loss, hurt notably by circulation wars and the effect of currency moves on newsprint costs. The contribution from oil is also down because of lower prices and a shutdown of the Argyll Field late in the year. Although the £16.2m pre-tax profit is worse than expected, the shares, which have tumbled more than 100p since last spring, were unchanged at 175p. In the current year, recruitment advertising should start picking up and the Mail will have the benefit of 12 months of the 3p price increase last July. On the other hand, the Sunday Mail, which is to be launched in May, could slow the group's profits recovery. The shares are trading on a modest fully taxed p/e of under seven and yield nearly 9 per cent.

Unit trust activities boost M & G

PRE-TAX PROFITS of **M and G Group**, unit and investment trust manager, rose from £2.9m to £3.85m in the year to September 30, 1981, and the board says the improved results are due to increased profits from the group's unit trust activities.

As from October 1 last, the group's UK-based assurance activities have been amalgamated into two companies.

The total dividend is raised from 10p, taking into account a four-for-one scrip and consolidation into 25p shares, to 12.5p with a final of 7.5p. After tax of £1.57m (£1.04m), net profits emerged higher at £2.28m compared with £1.86m. An extraordinary debit of £850,000 (£1.7m credit) has not been included in the after-tax profit.

Stated earnings per share are up from 20.87p to 25.18p.

Changes in the tax of unit trust linked life assurance have imposed substantial contingent liabilities on life assurance companies investing in unit trusts. Despite representations by the Life Officers' Association to the Government about the retrospective effect of these changes, no relief has been granted, and it has been thought appropriate to inject £750,000 into the long-term insurance fund of M and G Life Assurance Company.

This payment, together with the expenses associated with the reorganisation of the life assurance companies, are treated as extraordinary items in the accounts.

The directors say that trading since the end of the year has been quieter, but this is consistent with general market conditions.

● comment

M and G has not participated much in the trend to launching new investment vehicles in the past year or so but its profits have jumped by nearly a third mainly because of the strength of the UK stock market. Unfortunately, because its year end is September 30 when the market was near its low for the year, the rise in value of funds under management appears much more modest. The value of managed unit trusts, for example, rose only 6 per cent to £761m. So far in the current year markets have been quiet and the group has no plans for further new issues. However, it is seeking permission to raise charges on most of its funds, especially those that invest overseas, and the 25 per cent increase in the dividend reflects a return of confidence after the difficulties of two years ago. At 320p, up 4p, the shares yield 5.7 per cent.

General Scottish policy change

Future investment by the **General Scottish Trust** will concentrate exclusively on small to medium companies, both quoted and unquoted, says Mr P. W. Turcan, chairman. He feels the scope for capital and revenue growth is often superior in the area of small companies.

This move is based on the experience of recent years in which Mr Turcan says a number of successful investments have been made in smaller companies "outside the mainstream conventional equity investment."

Investment opportunities will still be on an international basis.

The directors intend to recommend a final dividend of 2.1p for the year to March 31 1982, making an increased total of 3.1p, compared with 2.9p last time.

Although the new policy may mean an initial reduction in income, Mr Turcan says there should be good prospects for revenue growth in the longer term. The directors expect to maintain the dividend of 3.1p for the year to March 31 1983.

TELFOS

The recent rights issue by **Telfos Holdings** of 2.4m ordinary shares and £1.19m in unsecured convertible loan stock has been taken up in respect of 1.5m ordinary shares and £559,434 of loan stock. All shares and loan stock not taken up have been placed in the market.

Thorn EMI results climb 17.9% to £45.5m

BETTER FIGURES from its overseas operations helped **Thorn EMI** to improve its pre-tax profits by 17.9 per cent in the six months to September 30 1981. Profits rose from £38.6m to £45.5m, and external turnover advanced by 13.5 per cent from £1.04bn to £1.18bn. Home turnover rose from £657.7m to £705.3m, and the overseas share, including exports, increased from £383.1m to £476.8m.

The interim dividend is unchanged at 4.05p net per 25p share—last year's total was 14.625p.

The pre-tax figure was struck after depreciation up from £70.4m to £88.9m and financing charges of £17.3m (£19.1m).

Sir Richard Cave, the chairman, says that despite difficult trading conditions, UK profitability has been maintained, reflecting the management actions taken during the previous financial year.

He points out that the charge in the period for depreciation on rental colour television receivers and video cassette recorders was £64.3m compared with £47.3m, indicating the increasing strength of the rental business for the future.

During the six months, he says, it has been necessary to make further reductions in the UK labour force of approximately 4,000. The current labour strength in the UK is 79,000 and this compares with 101,000 following the merger with EMI in December 1979.

Some 6,000 of the reduction is due to the disposal of certain businesses, but more than 16,000 jobs have been lost due to the direct effects of world-wide recession and the impact of problems associated with exchange rates and level of interest charges.

Sir Richard says the television rental companies experienced strong demand for both colour television receivers and video recorders in advance of the Royal Wedding in July, and this has been maintained. The continued popularity of the TX range of colour television receivers has resulted in full factory loadings and improved profitability.

The profitability of the music group was improved as the result of the rationalisation actions taken in earlier years, particularly in the UK and European subsidiaries. Business levels have generally held up well in the U.S. and other international markets. The high level of investment in video software and the lack of any real success in recent film releases led to a loss in films, video and leisure.

The electrical, gas and central heating divisions of the domestic appliance product group were all profitable despite the absence of the anticipated upturn in demand. The lack of orders for lighting products was particularly disappointing after the major actions taken last year to reduce the production capacity.

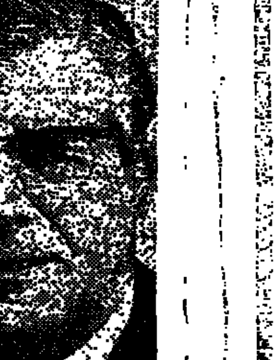
Poor UK trading conditions affected the group's engineering businesses, and demand for cutting tools, industrial boilers, electrical components, electrical instruments and process control systems has been badly affected.

He says, however, that its subsidiaries in the same products in the U.S. have performed well. Thorn EMI electronics operations have maintained a satisfactory level of performance in spite of difficult conditions at home by increasing export business.

With the company determined to fulfil its main objectives, further adjustments are likely to be required in some businesses which do not fit into the strategy either by product or performance considerations. Costs associated with these actions will be treated as extraordinary items in the year-end accounts.

Sir Richard says the strategy through to the mid-1980's and beyond is clear, and the necessary steps are being taken to meet the challenges of the future. In some cases such as with TX television receivers, the improvement in productivity resulting from bold investment decisions can be clearly identified, but in so many other product areas, he says there is still a need for a pick-up in orders through a recovery in trading activity to demonstrate the inherent strengths of the company.

First half tax was higher at £17.5m compared with £14.7m. After minority interests and preference dividend payments,


Ashley Ashwood
Sir Richard Cave
Thorn EMI chairman

attributable profit before extraordinary items was £25m (£1.3m). Ordinary dividends absorb £7.1m (same). Stated earnings per 25p share improved from 12.2p to 14.4p.

See Lex

Decrease at Daily Mail & General

ATTRIBUTABLE NET profits of **Daily Mail and General Trust** showed a fall from £3.22m to £3.06m for the year ended September 30 1981, while earnings per 50p share were down from 31.9p to 30.2p.

A final dividend of 19p (16.5p) makes a total payment of 30p per share, against 27.5p previously which included a special 1.5p pay-out.

Total value of investments decreased from £78m to £60.9m and net asset value per share was lower at 609p (769p).

The board has further considered the company's status for tax purposes and has concluded that it now appears to be a close company and to have been close on September 30 1981.

The company owns 49.95 per cent of ordinary shares of Associated Newspapers Group.

NEW LIFE BUSINESS

Equity & Law Life record

GOOD RESULTS on its individual life and pensions business last year enabled **Equity and Law Life Assurance Society** to record a 16 per cent rise in new annual premiums from £21.5m to £24.9m and a jump of 24 per cent in single premiums from £22.2m to £27.6m.

Individual annual premiums increased by nearly 30 per cent from £12.7m to £16.4m, with self-employed premiums up 40 per cent to £1.9m and executive pension premiums rising 30 per cent to £3m. The society's mortgage endowment business was 60 per cent higher at £2.2m, boosted by the arrangement with Bank of Scotland for mortgage facilities.

Single premiums on individual business advanced nearly 50 per cent from £14.8m to £22.1m, with self-employed pension premiums doubling to £3.3m and executive pension premiums rising by half to £2.5m.

The society's linked ordinary life operations had a very good year in 1981, in line with the whole linked market, with annual premiums 20 per cent higher at £4.1m and single premiums more than doubling from £2.9m to £6.5m.

Group pension business however suffered as a result of the recession. Insured annual premiums declined over 7 per cent from £8.4m to £7.8m and single premiums by nearly 30 per cent from £3.3m to £2.4m. Annual premiums to the managed fund nearly doubled from £400,000 to £700,000.

Sun Life Group results reflect mixed pattern

A MIXED pattern of new life and pensions business is reported for 1981 by the **Sun Life Group**, with a drop of nearly 2 per cent in its new annual premiums from £36.1m to £35.6m, and a rise of 86 per cent in single premiums from £38.2m to £71.1m.

One major success area last year came with unit-linked business, where new annual premiums rose fivefold from £1m to £4.9m and single premiums tripled from £7.4m to £27.5m.

The group fully participated in the buoyant self-employed pensions market last year with new annual premiums more than doubling from £600,000 to £1.5m and single premiums jumping from £1.5m to £7.1m. Much of this growth came from unit-linked pensions, but conventional self-employed pensions also improved.

Executive pensions showed lower growth with annual premiums up 7 per cent at £7.5m and single premiums nearly doubling from £5.5m to £6.3m. Again linked sales contributed much to the increase.

Group pensions business, including that of the managed funds, showed a mixed pattern, with new annual premiums shedding 15 per cent from £19m to £16.1m.

Mr Richard Zamboni, managing director, expressed his pleasure at the results achieved despite the current economic situation. The lull in the group pensions market was expected. He reported total premium income in 1981 passing the £250m level for the first time.

Muirhead back in profit: pays 3p total

AS PREDICTED, **Muirhead** moved back into profit for the year to September 30, 1981 and the group, which manufactures electro-mechanical devices and communications equipment, is paying a net total dividend of 3p, against nil, with a final of 2p per 25p share.

In his last annual statement, and again in his interim report last March, Sir Raymond Brown, the chairman, forecast a return to profit by the year-end—the group plunged £2.31m into the red pre-tax in the second half of 1980-81 but by the midway stage for the year under review had reduced the deficit to £95,000 (£29,000 profit).

It recovered further in the second six months and for the full year returned taxable profits of £882,000, which compares with a deficit of £2.28m.

Sales for the 12 months moved ahead to £28.56m (£25.15m) and on the UK side there was a trading profit of £2.49m (£653,000 loss). Overseas trading losses were slightly less at £429,000 (£501,000).

The pre-tax surplus was struck after interest charges of £1.13m (£1.07m) and debenture interest much the same at £51,000 (£55,000).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Abbey Ltd. ....int.	1.41	March 9	1.41	—	3.94
Assocd. Newspapers	5.9	Feb. 26	5.9	10.4	10.4
S. & W. Berisford	5	April 6	4.33*	7.5	6.5*
Centrovincial ....int.	2	April 15	1.33	—	2.66
Colonial Secs. ...2nd int.	2.2	April 2	1.6§	3	2.3§
Daily Mail and Gen. ...	19	—	16.5	30	27.5
Danae Investment ...int.	1.6	Feb. 26	1.6	—‡	4
Dixons ....int.	1.38	March 1	1.31	—	3.49
Thos. French	3.75	—	3	6	5
Greene King ....int.	2.4	Feb. 13	2.1	—	6.3
Jones Stroud ....int.	2	April 8	2	—	5.2
M. & G. Group	7.5	Feb. 25	10*	12.5	10*
Muirhead	2	March 12	Nil	3	Nil
Symonds Engng. ......int.	0.22	Feb. 26	0.22	—	0.3
Thorn EMI ....int.	4.05	March 5	4.05	—	14.63

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Total 4p predicted. §Adjusted for division of shares into five units.

There was a tax charge of £222,000, against a credit of £133,000, and after minority debits of £38,000 (£1,000 credit) and extraordinary losses of £93,000 (£651,000) profit at the available level emerged at £529,000 (£2.79m loss).

Stated earnings per share came through at 7.3p, compared with a loss of 25.2p. After allowing for CCA adjustments there was a taxable deficit of £62,000.

● comment

Muirhead's return to profitability is the result of slashing of overheads. There were about 400 redundancies, the radio communications business was discontinued with a factory closure, and general cutbacks in working capital and expenditure were made. Short-term debt is about £1m down on last year's £7m and gearing is now around 65 per cent. Having reacted sharply to the recession, the company's next problem is how to sustain growth in an increasingly competitive market. Japanese competition is having a depressing effect in margins in the facsimile market. The less glamorous business of electro-mechanical products represented 60 per cent of sales, 10 points up on last year. This week Muirhead signed an agreement in principle to acquire Nexos' facsimile business jointly with the NEB, which will require an injection of capital.

Up 6p to 120p, equalling the 1981-82 high, the shares yield only 3.6 per cent, and are on a p/e of 23.6, rather demanding even with the company claiming a record order book and envisaging pre-tax profits of around £1.5m this year. Tyco has recently increased its stake in the equity to 28.66 per cent.

Ranks Ireland sees more losses

THE BAKERIES at **Ranks (Ireland)** millers, are "likely to frustrate plans to come into profit in 1982," says Mr Joseph Rank, chairman, in his annual review. He adds that their future hangs in the balance. Despite industrial troubles at one bakery, as already known, taxable losses were reduced from I£1.59m to I£773,540 in the 53 weeks to September 5 1981. There was again no ordinary dividend for the year.

Interest charges were lower at £1.55m, compared with £1.77m and Mr Rank points out that borrowing was maintained at about the same level as the previous year.

Turnover rose from £37.87m to £42.22m. Trading profits improved from £1.01m to £1.46m.

"Flour volumes improved," says Mr Rank, "and profits on the whole were satisfactory," and he says that the benefits of the rationalisation programme are beginning to show through. Mr Rank adds that the continuing depressed state of agriculture meant the feed mill at Cork operated again at well below its capacity, and made further large losses.

Another poor native harvest and under-utilisation of drying plants meant a shortfall in contribution from the grain warehousing sector, says Mr Rank.

Substantial losses were also shown in all three bakeries, with 17 weeks of industrial action at the Kilcock bakery placing it in "dire straits" according to Mr Rank. The future of the Cork bakery cannot be guaranteed unless a "more realistic position" is adopted by bakers in the negotiations under way.

Flour sales showed a marginal increase over last year, says Mr Rank, but overall the market virtually remained static. Margins improved slightly because price increases were granted more quickly than before. The animal feed market continued to be depressed throughout the year and another large loss was made.

Mr Rank says the sale of fixed assets and reduction in working capital will help further reduce interest charges. Flour trading will depend on the National Price Increases Commission approving present price rises if the last full year's position is to be maintained.

Shareholders' funds stood at £6.21m, compared with £8.83m. Fixed assets were £6.79m, compared with £7.29m. The decrease in net liquid funds for the year were shown as £172,000, against £1.22m last time.

Meeting, Dublin 2, February 3 at noon.

BANK RETURN

	Wednesday Jan. 13, 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	44,526,410	+ 4,467,038
Bankers Deposits	444,539,451	— 123,881,063
Reserve & other Accounts	1,551,752,926	+ 35,970,982
	2,055,371,787	— 83,443,033
Assets		
Government Securities	453,840,069	+ 92,765,000
Advances & other Accounts	1,029,478,908	+ 14,358,123
Premises Equipment & other Secs.	551,419,391	— 204,375,262
Notes	20,380,659	+ 13,822,180
Coin	252,760	+ 13,054
	2,055,371,787	— 83,443,033
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,750,000,000	— 225,100,000
In Circulation	10,729,619,341	— 238,422,180
In Banking Department	20,380,659	+ 13,822,180
Assets		
Government Debt	11,015,100	—
Other Government Securities	6,691,963,816	— 1,046,102,100
Other Securities	4,047,021,084	+ 821,102,100
	10,750,000,000	— 225,000,000

Symonds expands by £23,700

AN INCREASE of £23,700 in taxable profits to £109,500 is reported by **Symonds Engineering Company** for the half year ended September 30 1981. Turnover, however, was slightly lower at £1.42m against £1.46m.

The directors of this close company say they have been successful in arresting the inflationary upward trend of their manufacturing costs to an acceptable level. They add that the order book is holding steady and they are hopeful that if this continues, a satisfactory year's results could be achieved.

The company is involved in precision engineering, sheet metal working and the manufacture of jigs and tools.

The directors have repeated the interim dividend of 0.2225p per share. Earnings per 5p share are given unchanged at 0.52p. Last year's total payment was 0.3p on £24,000 pre-tax profits.

Tax took £57,000 against £33,000.

SPAIN

January 14	Price %	+ or —
Banco Bilbao	343	
Banco Central	345	
Banco Exterior	314	+4
Banco Hispano	328	
Banco Ind. Cat.	115	
Banco Santander	357	—3
Banco Urquijo	216	
Banco Vizcaya	370	
Banco Zaragoza	223	+3
Dragados	140	
Espanola Zinc	60	
Fecsa	61	—0.5
Gal. Preciados	43	
Hidrola	66.7	+1
Iberduero	55	—1.5
Petroleos	93	
Petroliber	99	+1
Sogefisa	38	—2
Telefonica	72	+0.5
Union Elect.	65.2	

Thomas French improves

AN INCREASE in profits was shown by Thomas French and Sons for the year to October 3 1981. The taxable surplus rose from £1.34m to £1.66m, on turnover up from £16.86m to £19.29m.

The final net dividend of this manufacturer of curtain styling and electric surface heating products has been raised from 3p to 3.75p, which increases the total from 5p to 6p. Earnings per 10p ordinary share were given as higher at 27p, against 22.8p previously.

Pre-tax profits were struck after higher associated companies' profits of £13,000 against £3,000 before. Tax took an increased £619,000, against £461,000.

Attributable profits emerged higher at £1.19m, compared with £950,000 after minority debits fell from £30,000 to £24,000 and extraordinary credits improved from £97,000 to £181,000.

The current cost pre-tax result emerged at £1.11m (£950,000).

Abbey Ltd. ahead of forecast

TAXABLE PROFITS of Abbey Limited, the Dublin-based industrial holding company, rose from I£1.46m to I£1.63m for the half year to October 31 1981. At the annual meeting the directors forecast profits at least equal to those of the corresponding period last year but they declined to predict the outcome for the full year.

The half year pre-tax figure was struck after interest charges of £1.53m (£1.62m) and included a share of profits of associates of £44,000 (£33,000). Tax took £553,000 (£401,000).

The net interim dividend is the same at 1.41p per 25p share —last time's final was 2.53p.

Turnover of the company, which has interests in residential housing, plant hire, builders' merchanting, engineering, commercial property and stationery manufacture, improved from £28.92m to £30.09m.

MEPC in £21m U.S. deal

MEPC has completed the acquisition of the Waikiki Trade Center, Honolulu, Hawaii, U.S., at a price of US$39.5m (£21.1m). The 1.3 acre site takes in 146,508 sq ft of offices and 45,785 sq ft of retail accommodation on two levels with parking for over 500 cars.

The company also says that its North Dallas development on a 13 acre site in the Quorum fronting Dallas Parkway, an office complex of 1m sq ft to be called the Colonnade, will start with a first phase of 350,000 sq ft.

Phase one is expected to be ready for occupation in the first half of 1983.

Berisford rises to £40.7m and pays 5p final

INCLUDING SHARPLY higher associates' earnings of £6.2m, against £0.1m, pre-tax profits of S. and W. Berisford, the international commodity trader, rose from £36.1m to £40.7m for the year ended September 30 1981. Second-half taxable figures were ahead from £19.28m to £23.28m.

The results reflect the consolidation of the company's 40.02 per cent holding in British Sugar Corporation—without this consolidation. Berisford's full year pre-tax profits were £37m.

Stated earnings per 25p share fell slightly from 18.69p to 18.07p, but in line with forecast, the dividend is effectively raised from 6.5p to 7.5p net with a final of 5p.

Turnover decreased from £2.45bn to £2.24bn. An overall increase in profits and market share was not reflected in turnover due to sharply reduced commodity prices.

The directors say the diversity and balance of the group's operations has again been a source of strength in maintaining performance in a year of very demanding conditions.

Some of its main international trading activities have experienced difficult markets, but elsewhere there have been opportunities which the growing strength of Berisford's worldwide establishment has enabled it to realise. In the UK, some group businesses have been severely affected by the recession.

A divisional breakdown of sales and profits (in 000's) shows: commodity merchanting £1,431,666 (£1,602,355) and £27,680 (£28,154); food merchanting and processing £545,048 (£562,050) and £13,810 (£12,691); industrial materials merchanting and processing £253,274 (£285,371) and £4,109 (£6,949); property and share dealing £3,658 (£549) and £923 (£236); and financial services £2,718 (£2,214) and £622 (£312) respectively.

Group administration costs, less investment income, amounted to £131,000 (£584,000). Interest charges were down from £11.78m to £9.99m.

Tax took £10.3m (£9.1m) and after deducting minorities of £0.2m (£0.1m credits) and extraordinary items of £4.2m (£0.7m) the available surplus was lower at £26m, against £26.4m. Dividend cost rose from £10.2m to £12.6m.

Berisford expects to conclude an acquisition worth around £15m within the next three to four months, Mr Gordon Percival, a Berisford director, said yesterday.

Berisford is planning to buy a private company with interests in North and South America, Africa and Europe. The company would form part of Berisford's food merchanting and processing division. Part of the acquisition price is expected to be paid on completion with the balance to be stretched over a period of several years.

Mr Percival said that Berisford is about to bring on stream a threaded steel pipe plant in the U.S. with a potential production capacity of 170,000 tonnes a year. The plant will employ assets of between $50m and $60m. Mr Percival said that he expected the operation to achieve a profit of around $10m a year.

See Lex

British Sugar anticipating another bid from Berisford

SINCE July British Sugar Corporation has had several meetings with S. and W. Berisford, which holds 40.02 per cent of the equity. Sir Gerald Thorley, chairman of British Sugar, said yesterday that his company was working on the assumption that Berisford would make a further bid in July or some time after that.

Sir Gerald was addressing the annual meeting at which all directors, including Berisford representative Mr John Padovan who was appointed to the board in November, were unanimously re-elected.

After the meeting chief executive Mr John Beckett said that he continues to regard British Sugar's 14.9 per cent stake in Rank Hovis McDougall as "a significant strategic holding."

In his report to the AGM, Sir Gerald stated that this year's beet crop should be about the same as last year's 1.1m tonnes. The recent arctic conditions caused the loss of about 1 per cent of the crop. He described the harvest as "highly successful."

The company plans to continue to invest around £30m a year, to increase efficiency. Plans for diversification have been held up by Berisford's intervention over the past two years.

NO PROBES

The following mergers are not to be referred to the Monopolies and Mergers Commission:—

Beaumont Properties/London Shop Property Trust; Town and City Properties / Berkeley Hambro Property Co.; Radio Sales nad Marketing/Associated Independent Radio Services.

Jones Stroud upturn

GROUP restructuring since the onset of the recession helped bring about a recovery in taxable profits at Jones Stroud (Holdings) from £685,000 to £1.2m in the six months to September 30 1981. Turnover slipped marginally from £14.19m to £14.06m.

The interim dividend of this manufacturer of fabrics, accessories and materials for the textile and electrical industries is being maintained at 2p net per 25p share. Last year a total of 5.2p was paid on pre-tax profits of £1.31m. Earnings per share for the six months are given as 7.32p (3.65p).

The directors expect profits for the second half "to be similar to those now reported," though interest rates have risen again and trading is still difficult.

Profits before tax were struck after lower interest payable of £240,000 (£421,000) and reduced associated company profits of £169,000 (£231,000). Tax took £471,000 (£311,000) and there were extraordinary credits of £366,000 (£134,000 debits). After preference dividends of £55,000 (same), the attributable profits emerged at £1.04m (£185,000).

Danae Trust lower

PRE-TAX PROFITS of Danae Investment Trust declined from £276,379 to £243,398 for the six months to November 30 1981 but the net interim dividend is being maintained at 1.6p per income share and the directors reaffirm their intention to hold the second interim at 2.4p, making a same-again total of 4p, even though this may involve some reduction of revenue reserves.

They point out that although gross revenue held up well—it improved from £319,023 to £333,248 including subsidiary company's loss of £2,062 (£9,484 profit)—higher interest charges were responsible for a reduction in net profits to £105,569 (£129,203) which was also struck after tax of £79,801 (£84,634) and minority debits of £58,028 (£62,542).

Stated earnings per share came through lower at 1.51p (1.84p). Net asset value per income share was 35.14p (39.78p)—as at December 31 1981 it was 35.66p.

The directors say there were no assets attributable to the capital shares (same). They expect that the reduction of capital, approved by shareholders, will become effective towards the end of this month.

ICI CONVERSION

Holders of a further 18 $1,000 Imperial Chemical Industries 6¾ per cent guaranteed bonds due 1997, have exercised their right of conversion into ICI ordinary stock. The number of bonds now outstanding is 28,744, representing $28.74m.

Dixons exceeds £6m: raises payout

CONFIDENCE IN the group's expansion potential is expressed by Mr Stanley Kalms, chairman of Dixons Photographic, after taxable profits rose from £5.01m to £6.06m for the 28 weeks to November 14 1981. Net sales moved up from £113.71m to £135.96m.

The net interim dividend of this photographic retailer, with interests in photo trade processing, pharmacy and property, has been lifted from 1.3125p to 1.379p. In the last full year a total payment of 3.49125p was made.

"Finances remain strong," says Mr Kalms, and the group "continues to invest in growth areas." The retail division now has 250 shops with another 25 planned for 1982, he adds.

Despite extremely difficult world trading conditions, good divisional results were achieved by the retail, property, manufacturing and overseas divisions. Processing however suffered from intense competition, he says. Pharmaceutical failed to improve and further remedial action is being taken.

An analysis of net profits shows: retail £2.02m (£1.33m); processing £1m (£1.34m); pharmaceutical loss £153,000 (£12,000); manufacturing £308,000 (£223,000); property £1.36m (£1.42m); and overseas £1.54m (£477,000).

Tax took £2.66m compared with £2.56m before. Attributable profits emerged at £3.44m, against £2.83m last time, after decreased extraordinary credits of £18,000 (£383,000).

● comment

Dixons is climbing off its three-year profits plateau despite its troubles in the battle-torn film processing and pharmaceutical businesses. The group managed a creditable 10 per cent volume increase in the retail division, aided by growth in electronic games and gadgets. A major contributor to the 30 per cent profit increase in this sector was Dixons' agency which distributes Mattel television games. Pharmaceuticals dropped into losses again and cannot be expected to provide much joy while the sector's price wars continue. Film processing should also show a loss in the second half due to lack of throughput in the winter months. Dixons had a reasonable Christmas season in retailing so this division should well offset the two problem divisions. Steady performances are expected from the property and overseas divisions so that £12m pre-tax for the full year seems a reasonable expectation. With shares at 161p, a prospective p/e of 14 seems somewhat demanding considering Dixons remains some way from firing on all cylinders. The prospective yield is 3.2 assuming a similar rise in the final.

Greene King up 13% at midterm and market share still rising

FOR THE 26 weeks to October 24, 1981 Greene King and Sons, the Suffolk-based brewer, increased its taxable profits by 13 per cent to £2.92m, compared with £2.57m, on turnover £3.7m higher at £30.72m.

The directors, however, make no forecast about the year-end results. They say estimating demand for the products of the industry for 1982 is too uncertain.

Nevertheless, they are stepping up the net interim dividend from 2.1p to 2.4p per 25p share —a final of 4.2p was paid for 1980-81—from stated earnings per share 1p better at 8.3p.

The taxable surplus for the first half included a share of profits of associates which advanced from £41,000 to £185,000. Tax took slightly more at £1.2m, against £1.06m.

The attributable profit emerged at £1.88m (£1.63m) after extraordinary credits of £169,000 (£125,000). Interim dividend payments absorb £496,000 (£433,000).

Current cost adjustments reduce the pre-tax figure to £2.35m (£2.03m) and on the same basis earnings per share were 5.5p (4.7p).

Commenting on the interim results the directors say that although trading continued to be difficult turnover, which included excise duty, was 14 per cent higher than the corresponding period a year earlier.

The group's own cask beer volume was slightly ahead, keg and bottled beers were down, but wine and spirits volume also advanced. The directors say the group is now benefiting from the high level of capital investment over recent years and that its share of the market is continuing to grow.

● comment

Thanks to a fairly buoyant performance from sales to the free trade Greene, King has held its overall volume drop in the first half to under 3 per cent even though its own pubs were down 7 points. Profits are up 13 per cent and margins have been held. But it is going to be a lot tougher in the second half. The major problem is of course the weather and while the November returns looked pretty good December was a bad month and January could be worse. Still, a 3p a pint price rise at the end of November should help (the first for a year) and the full 12 months could produce profits in the region of £7.1m to £7.2m. That points to a fully taxed p/e of over 17 which looks on the expensive side, but Greene King's paper is usually well rated. At 288p the shares are not an obvious purchase but any weakness in the shares is likely to be relative rather than actual. Assuming the final dividend moves up in line with the half-time payment the yield is around 3.6 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Heles Properties, Raybeck, Stoddard, Henry Wigfall.

Final: Raeburn Investment Trust.

FUTURE DATES

Interims—	
Gold Fields of South Africa	Feb 2
New Witwatersrand Gold Exploration	Jan 20
Stock Conversion and Investment Trust	Jan 20
Finals—	
Dunbar	Jan 28
Gestetner	Jan 20
Leda Investment Trust	Jan 18
Vogelstruisbult Metal	Jan 20

Centrovincial's modest increase

A MODEST rise from £621,000 to £633,000 in net pre-tax revenue is reported by Centrovincial Estates for the six months to September 30 1981. This figure was struck after interest charges up from £1.16m to £1.48m and higher realised dealing profits of £97,000 compared with £19,000. UK net revenue was £536,000 compared with £602,000 and the overseas contribution was £121,000 against losses of £8,000.

The directors say that during the half-year, the increases in net rental income achieved in the UK and abroad have been more than offset by increased interest charges on the group's U.S. dollar borrowings, and by the weakness of sterling.

In Africa, the sale of the company's Ashley House in Durban, was completed on September 30 on the basis of the March 1981 valuation. This property has previously provided a modest contribution to net revenue before mortgage interest.

As a [illegible] of the net [illegible] the group reduced its external borrowings by nearly $5m, making substantial interest savings in the second half to March 1982.

The group is undertaking two new property developments in London, at Victoria and Croydon, which will involve development costs of approximately £11m. Building work on the Victoria project has started and is being undertaken in conjunction with a leading merchant bank. The profits from these developments are expected to accrue to revenue in 1983-84.

The interim dividend is raised from 1.33p to 2p—last year's total was 2.66p.

Net income from properties before interest and tax improved from £1.76m to £2.01m. Tax was lower at £270,000 (£303,000) and after taking £314,000 (£209,000) for dividends, the retained surplus was £39,000 against £109,000.

Cantors reduces losses

REDUCED taxable losses of £147,000 compared with £835,000 are reported by Cantors in the six months ended October 10 1981. Turnover excluding VAT was up slightly at £10.06m against £7.75m.

This retailer of general house furnishings, carpets and bedding will not pay an interim dividend for the second consecutive year. The stated loss per share was 2.22p compared with 12.18p previously. The last final dividend per 20p share for the year to April 30 1981 was 0.01p net.

The directors say the results for the six months reflect the improvements introduced 12 months ago. They hope the results for the second six months will compare with those of the second half last year and will not be adversely affected by industrial unrest or the type of weather experienced this winter.

Pre-tax profits were struck after reduced interest charges of £183,000 (£319,000), depreciation of £199,000 (£191,000) and a credit of £205,000 (£167,000) representing a decrease in the provision for unearned profit.

There was again no tax charge.

Confidence at NSS

With sales in the current year running some 23 per cent higher than for the same period last year, the board of NSS Newsagents is hopeful of a satisfactory result for 1981-82, says Mr P. H. Byam-Cooke, the chairman, in his annual statement.

For the 12 months to September 27 1981, pre-tax profits increased some 7 per cent from £4.59m to £4.93m, on turnover of £117.78m (£97.48m), excluding VAT—as reported December 9.

The board shall continue to pursue its policy of extending the range and diversity of its business, taking the company forward in all its activities while benefiting from the interaction between them.

Meeting, Woking, Surrey, February 9, at 2.30 pm.

Bougainville's 1981 output is higher, but . . . .

BY KENNETH MARSTON, MINING EDITOR

DESPITE A slight fall in output during the final quarter, significantly higher production for 1981 is reported by the **Rio Tinto-Zinc** group's big, but low grade, **Bougainville** copper-gold mine in Papua, New Guinea.

Thanks to a better grade of ore milled, the metal content of the total 1981 output was: copper 165.420 tonnes (146.813 tonnes in 1980), gold 16.806 kilogrammes (14,450 kg) and silver 42.358 kg (36,856 kg).

This increased output, however, will still leave the company with sharply lower profits than those of 1980. Results for the first six months of 1981 showed a fall in earnings of 66 per cent to K12.8m (£9.85m) from K38m in the same period of 1980.

It was pointed out then that the company was being hit by low metal prices coupled with the effects of export sales revenue of the PNG Government's policy of maintaining a strong exchange rate for the country's kina against the U.S. dollar in order to restrain domestic inflation.

Bougainville thus warned that profits for the second half would continue to fall if metal prices did not improve. Unhappily, copper is now subdued again after a short-lived improvement while the price of gold has continued to sag with that of the by-product molybdenum and cobalt metals.

Bougainville lowered its interim dividend to 2 toea (1.5p). For 1980 there was an interim of 8 toea followed by a final also of 8 toea plus a bonus of 4 toea. Despite the severe cut in the interim payment a reduction in the final for 1981 seems inevitable.

This is another pointer to the lower earnings expected from RTZ for 1981 which are due in April; at the half way stage RTZ net profits had fallen to £47m from £89.7m in the same period of 1980 but the interim dividend was maintained at 5.5p per share.

In their latest review of the mining scene stockbrokers Rowe and Pitman estimate that total 1981 earnings of RTZ will have fallen to £85m, or 33.5p per share and look for an unchanged final dividend of 10.5p.

On this basis they feel that the shares could fall further (they are currently 415p) in the short term. But, in line with other market observers, they still regard the longer term outlook for this major international mining group as being good.

Environmental study in Hunter Valley

THE BIG Australian mining and industrial company CSR has decided to carry out an environmental impact study before startiang trial mining of a 30-hectare site in the Hunter Valley area of New South Wales.

Buchanan Borehole Collieries, a wholly-owned subsidiary of CSR, already has Government permission to begin trial open-cut mining of the coal deposit, but has chosen to undertake the environmental impact study because it recognises the importance of the river flats area, which is used intensively for agricultural production.

The study is expected to take about six months, with the mining trial lasting for some four years.

Phelps Dodge chief in call for wage limits

THE U.S. copper industry needs limitations on increases in wages and benefits which are not related to higher productivity, according to Mr George Munroe, chairman of **Phelps Dodge**, America's second biggest copper producer.

Mr Munroe told a luncheon of leaders of business, government and the community in Phoenix, Arizona, that this was just one of several cost-cutting moves needed to help the industry weather its present painful period. Phelps Dodgs has extensive interests in the state of Arizona.

He also called for the enactment of proposed changes in federal legislation on the environment and the more rapid implementation of changes in tax laws, both of which will help to cut the industry's costs.

Mr Munroe pointed out that wage agreements within the industry inexorably increase production costs, even in the face of falling copper prices. He said it was essential that some mechanism be found to modify the cost of living adjustments in these agreements, in order to "recognise the unique economics of the copper industry."

Over the past 10 years, hourly wages have risen by 22 per cent in real terms, while the copper price has fallen by about 34 per cent, Mr Munroe said. "This kind of relationship simply cannot continue indefinitely," he added.

Burnett proves coal reserves in Philippines

THE UK mining and investment group **Burnett and Hallamshire Holdings** (B and H) has concluded a feasibility study on its Cauayan coal mining project in the Philippines.

Mr George Helsby, chairman of the group, said yesterday that the study had established proven reserves amounting to more than 60m tonnes of lignite (brown coal) and sub-bituminous coal, with 52m tonnes known to be recoverable.

After a formal presentation of the results of the study to the Philippines Government in December, the National Power Corporation there has decided to go ahead with a study of the feasibility of building a power station at the mine site.

Mr Helsby said that B and H expects to finalise negotiations on a coal sales agreement this year.

Geometals rise on oil find

NEWS THAT Australia's **Geometals NL** holds an indirect interest in an encouraging oil discovery in Frio County, Texas, lifted Geometals shares 5p to 15p in London yesterday.

The oil discovery was made by the U.S. company **Major Exploration** in the Allerkamp No 2 well drilled on the Pearsall prospect in Frio County.

Mr Dan Hill, chairman of Geometals, said in Perth, Western Australia yesterday that during an initial 24-hour test the 5,275 ft deep well flowed 6,095 barrels of oil a day and an estimated 40m cu ft of gas a day from the Austin Chalk formation between 5,205 and 5,275 ft. Production equipment is being installed at the well.

Major Exploration owns a 50 per cent working interest in Allerkamp 2 and a 100 per cent working interest in its surrounding 669 acres and remaining drilling locations.

Geometals' interest in the discovery stems from its 50 per cent holding in **Geometals Oil Exploration**. The latter holds 3m shares, or 17.5 per cent of Major Exploration, which has a 12.5 per cent interest in Geometals Oil Exploration.

Other interests in Geometals Oil Exploration are **Conex Australia NL** 6.25 per cent and **Energy Oil and Gas NL**.

MEEKATHARRA SCRIP ISSUE

Shares of Australia's **Meekatharra Minerals** rose 2p to 170p in London yesterday, after being adjusted for a share split and one-for-two scrip issue. The nominal value of the shares was reduced to 25 cents from 50 cents. At the close of trading on Wednesday, Meekatharra were quoted at 505p.

The share split and scrip issue had originally been planned for next week, but were brought forward by five days by the Sydney Stock Exchange, according to Meekatharra.

Merger with Mothercare 'great opportunity' for Habitat

BY DUNCAN CAMPBELL-SMITH

Mr Terence Conran, the chairman of *Habitat*, gave an enthusiastic launching address yesterday for the new enterprise created by his company's acquisition of Mothercare. Stressing again that it was really a merger of the two businesses, he described it as "one of the greatest opportunities which could ever be presented to Habitat."

His remarks followed the passing at Habitat's extraordinary general meeting of a resolution approving the deal. Shareholders of Mothercare had done the same at their own extraordinary general meeting just over an hour earlier.

No questions were asked at either meeting and an overwhelming majority of proxy votes approved both resolutions. The Habitat meeting further approved the adoption of the name Habitat Mothercare plc for the parent company which will commence trading on the Stock Exchange this morning.

Mr Conran began a statement on the new company's future by clarifying again the circumstances which determined the timing of the merger. There had been no thought of it at the time of the public flotation of Habitat in October. Habitat had not sought a merger but had been approached by Mothercare with terms "vastly different" from a proposition discussed some time prior to the flotation.

Describing Habitat's pursuit of this initiative as "the action of a competent and ambitious executive," he said he thought investors in Habitat would see it as consistent with their board's earlier entrepreneurial attitudes and would take a long-term view.

The new company, said Mr Conran, aims to make Mothercare's shops "more friendly, informative and inviting." Habitat's management could draw upon their existing knowledge of the target market, their design and styling skills and their legacy of the "superb enterprise" built up by Mr Selim Zilkha, the chairman of Mothercare.

Mr Conran reviewed a number of areas where he already saw opportunities for innovation and concluded that there was "enormous potential for growth."

He admitted after the meeting that he had been "very, very disappointed indeed" with the performance of Habitat's shares on the market since the announcement of the merger. He attributed this very largely to unfavourable Press comment and "the large amount of Habitat paper now around in the City."

However, he had talked to half a dozen institutional shareholders and a number of brokers and had found them generally sympathetic. "Now I am looking forward to getting down to the job and proving our critics wrong," said Mr Conran.

Habitat's shares closed unchanged at 105p.

United Newspapers offers £10.7m for Colonial Securities

BY TIM DICKSON

United Newspapers is bidding £10.7m for The Colonial Securities Trust Company, an authorised investment trust managed by Drayton Montagu Portfolio Management. The move is effectively a disguised rights issue by UN, the proceeds of which will be used to invest in new areas of technology. UN's shares fell 9p to 161p yesterday.

Pre-tax profits of UN for the year to December 31 1981 were about £4m, before an exceptional non-recurring charge for depreciations of £460,000. This compares with pre-tax profits in 1980 of £4.5m, including investment income of £1.3m. A final dividend of 7.5p per share is recommended for 1981, making a total of 12p.

Yesterday's agreed bid follows *the suspension on Tuesday of Colonial* shares at 54p and the statement that takeover talks were in progress. The latest news helped Colonial's shares back to 68p last night.

The total value of the bid is slightly in excess of the total estimated net asset value of Colonial on January 12. The offer provides shareholders with the chance to exchange their shareholdings for UN shares, or a cash alternative. UN has received irrevocable undertakings from holders representing 47.5 per cent of the Colonial ordinary.

The terms are as follows: for every 1,000 Colonial ordinary shares either 465 ordinary shares of UN or £675 in cash; for every £1,000 of Colonial first preference stock either 689 UN ordinary shares or £1,000 in cash; for every 1,000 Colonial second preference shares either 210 ordinary shares or £305 in cash. The ordinary shares to be issued y UN will not rank for the proposed final dividend for last year.

There are conditions to the offer in the event of the net asset value of Colonial moving significantly before the closing date.

Colonial ordinary shareholders will retain a second interim dividend of 2.2p declared yesterday, and payable in April. There will also be dividends for the preference shareholders.

Underwriting of the 7.344m new UN shares being issued will be by Samuel Montagu at 145p, but existing UN shareholders will be given the opportunity to subscribe for these new shares to the extent that Colonial shareholders opt for the cash alternative.

UN said it plans to realise the investment portfolio of Colonial, thereby raising £10m in cash which will be invested "in technology in activities associated with UN's principal business of operating provincial newspapers.

"While direct expansion in the field of provincial newspapers . . . may be restricted by the monopolies and mergers legislation, the board of UN is investigating a number of situations in the UK in publishing, printing and retailing and in related activities such as electronic publishing systems, telecommunications, and other means of procuring and distributing information." Overseas opportunities are also being sought, notably in the U.S.

Discussing its 1981 results, UN says that profits have been influenced by a considerable reduction in interest received, partly due to spending of £2m during the year on plant and machinery and investment of just under £1m in the new Yorkshire and Tyne Tees television companies.

The directors view the future with confidence and consider that the UN group "is well placed to benefit from any upturn in the economy with particular emphasis on any increase in advertising revenue." Future results will also derive benefit from the increase in newspaper cover prices last month.

The bid, which is recommended by the Board, comes just over a year after the adoption of proposals, encouraged by institutional shareholders, which it was hoped would reduce the discount between Colonial's share price and net asset value. These involved the issue to ordinary shareholders of preference shares to the value of the discount once a year.

The discount, however, "has not as a result been satisfactorily reduced" and the Board of Colonial decided that the company should either be put in voluntary liquidation or an offer for the share capital sought.

Revenue after tax of Colonial *Securities Trust Company* advanced from £353,041 to £533,758 in 1981, while total assets less current liabilities were valued at £10.66m at the year-end compared with £10.75m last time.

The second interim dividend is being raised from 1.6p net per share (adjusted for division of each 25p share into five 5p units) to 2.2p, making a total of 3p (2.3p adjusted).

Net assets per share are given as 69p (68p adjusted) after deducting the 5 per cent cumulative preference shares at par and the 70 per cent cumulative at 27p per share, being the mid-market price at the close of business at the year-end.

Tax took £304,508 (£224,443).

Burmah bid revised by Takeover Panel

Burmah Oil has lifted part of its cash bid for Croda, the speciality chemicals producer, changing from 37p to 48p per share its offer for the ordinary deferred portion of Croda's equity on which dividends will not be paid until 1988.

It emerged that Burmah had initially presented "a not dissimilar" price for the deferred shares in the offer package discussed with the Takeover Panel before the announcement of the bid on December 18.

The Panel was anxious that the price should be fully comparable with the 70p bid for the ordinary shares. It based its original view, however, on a view of the percentage difference between the prices of the two cluasses of share trading in the market. It subsequently changed its mind and agreed with a number of shareholders who pointed out that the absolute difference in pence was a more proper basis of comparison.

The offer document otherwise contained few surprises, though a separate letter from Sir Alistair Down, Burmah's chairman, notified the group's shareholders of its intention to sell the Quinton Hazellp automative components subsidiary.

Burmah contrasts its cash bid with the subdued recent performance of Croda's shares in the market and suggests that "earning profits in the speciality chemicals sector will be more difficult in the 1980s than it was in the 1960s and early 1970s."

Croda, it says, "is sadled with mistakes made in the past" and has suffered from an over-reliance on the UK market and unprofitable investment in some non-specialty chemical areas.

Sir Fred Wood, chairman of Croda, said Burmah's accusation of past mistakes sounded "an extreme case of the pot calling the kettle black." He thought 70p per share was "a crazy figure" which in no way reflected the shares' underlying value in the long run and "Croda's fabulous record over 20 years."

He said Croda was now doing well in the U.S. and had nothing to gain from Burmah's experience in international markets. "After 35 years in this business," he said, "I can honestly say that size is counter-productive. Small really is beautiful for companies in our sector."

Burmah closed down 2p at 113p while Croda's ordinary were unchanged at 77p.

Bon Marche makes agreed offer for New Sylhet

Bon Marche Wine (Shippers) has made an agreed bid for **New Sylhet Holdings**, which grows and manufacturers tea in Bangladesh. The bid values the company at £393,000.

The offer is 200p per ordinary share of NSH and 75p per preference share. The bid has been launched with acceptances from 41.29 per cent of the ordinary shares and 66.41 per cent of the preference. This represents 42.76 per cent of the voting rights. NSH's shares gained 15p yesterday to close at 240p.

Bon Marche said yesterday that the business of the two groups were complementary even though they operated in different fields. The board gave assurances that NSH's own identity and independence within its "operating spheres" would be maintained if the offer was approved. All employment agreements would be safeguarded, with the exception of Mr J. Blanchard, a director of NSH, who would leave his post following the offer's acceptance.

NSH reported pre-tax profits of £26,664 for 1980, against losses of £18,887 in 1979. Net asset value per share at the end of 1980 was stated at 130.4p, but the directors said in November that the value of the company's interests in its tea estates is significantly in excess of the book values.

Bon Marche Wine stated that its "extensive contacts and influence" in Bangladesh could be utilised for more efficient marketing of NSH's produce locally and with the additional support of the resources available to Bon Marche in the UK, the board said there was considerable scope for the development of NSH's business.

Tilling in another U.S. deal

Thomas Tilling, the large UK industrial holding company, has made yet another acquisition in the U.S. It is paying $5.6m (£3.1m) in cash for **Garsite Products**, a New York-based manufacturer and distributor of fluid handling and filtration equipment.

The acquisition, which is subject to affirmation by Garsite's shareholders, is being made through one of Tilling's U.S. subsidiaries, Clarkson Industries.

Garsite started trading in 1952. Its main business is manufacturing and servicing aviation ground support equipment such as aircraft refuelling trucks, water and fuelling cabinets. The company also markets and distributes products produced by around 50 other specialist manufacturers in the fields of petroleum marketing, handling and storage equipment.

For the year ended January 31 1981 Garsite reported sales of $22.2m and made pre-tax profits of $1.89m.

Mr Lister Lieberman, president of Clarkson, will become chairman of Garsite.

NO PROBE

London Shop's merger with **Beaumont** has become unconditional. This follows confirmation that the merger will not be referred to the Monopolies and Mergers Commission.

The offer has been extended to 3.30 pm on January 27 1982.

MIDLAND BANK

Midland Bank has subscribed $112.5m for 1.25m common shares at $90 each in Crocker National Corporation.

This investment is in line with the investment agreement between the two companies. It will increase the bank's equity holding in Crocker from some 51 per cent to approximately 54 per cent.

LONDON TRADED OPTIONS

Jan. 14 Total Contracts 2,524. Calls 1820. Puts 704.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	280	18	8	30	—	38	—	296p
BP (c)	300	4	1	17	—	25	—	"
BP (c)	360	—	—	7	2	9	—	"
BP (p)	300	8	29	26	—	32	—	"
BP (p)	320	26	7	—	—	—	—	"
BP (p)	350	56	2	—	—	—	—	"
CU (c)	140	1	—	5	—	12	3	135p
Cons. Gld (c)	420	25	—	42	1	42	—	443p
Cons. Gld (c)	460	4	4	20	6	22	—	"
Cons. Gld (c)	500	1	—	12	—	8	2	"
Cons. Gld (c)	550	¼	—	4	5	—	—	"
Cons. Gld (p)	420	2	—	4	3	—	—	"
Cons. Gld (p)	460	20	4	44	—	52	1	"
Ctlds. (c)	50	27	—	30	16	33	—	75p
Ctlds. (c)	60	17	8	20	—	23	—	"
Ctlds. (c)	70	7½	10	10	—	15	—	"
Ctlds. (c)	80	1	—	4	3	7½	—	"
GEC (c)	800	8	26	45	1	60	—	801p
GEC (c)	850	¼	20	18	—	37	—	"
GEC (p)	750	⅛	—	14	25	24	—	"
GEC (p)	800	10	5	35	1	37	1	"
Gr'd Met. (p)	180	5	—	14	1	16	—	178p
Gr'd Met. (p)	200	24	—	27	—	29	2	"
ICI (c)	260	50	1	58	—	66	—	308p
ICI (c)	280	30	83	40	58	48	—	"
ICI (c)	300	10	90	22	117	30	11	"
ICI (c)	330	1	35	—	—	—	—	"
ICI (p)	260	1	—	5	200	7	—	"
ICI (p)	280	1	—	10	2	12	2	"
ICI (p)	300	3	35	18	—	22	—	"
Mks & Sp. (c)	110	22	—	26	17	30	—	131p
Mks & Sp. (c)	120	12	63	16	15	22	—	"
Mks. & Sp. (c)	130	3½	—	9½	6	14½	60	"
Mks & Sp. (c)	140	¾	—	5	—	8½	2	"
Shell (c)	360	20	4	36	24	44	—	[illegible]
Shell (c)	390	2½	—	20	2	28	—	"
Shell (p)	360	3	11	18	—	22	—	"
Shell (p)	390	16	51	28	—	32	—	"
Shell (p)	420	46	2	48	1	52	—	"
		February		May		August		
Barclays (c)	460	13	2	23	2	37	—	463p
Imperial (c)	70	4	56	7	—	10	—	71p
Lasmo (c)	390	20	10	42	—	60	—	394p
Lasmo (c)	420	12	—	30	8	42	—	"
Lasmo (c)	500	5	—	15	—	20	2	"
Lonrho (c)	80	3½	—	6½	3	10	13	80p
Lonrho (c)	90	1	—	3	—	4½	1	"
Lonrho (p)	80	5½	—	8	—	11	10	"
P & O (c)	90	55	35	60	—	—	—	140p
P & O (c)	110	35	4	40	—	—	—	"
P & O (c)	120	25	5	30	11	38	—	"
P & O (c)	130	18	38	24	22	31	—	"
P & O (c)	140	12	55	18	4	24	—	"
Racal (c)	360	38	72	55	40	—	—	390p
Racal (c)	390	18	316	35	28	57	—	"
Racal (c)	420	5	156	23	48	35	33	"
Racal (c)	460	2	—	12	80	25	—	"
Racal (p)	360	6	—	10	20	—	—	"
Racal (p)	390	12	69	20	23	28	6	"
Racal (p)	420	30	39	35	18	40	11	"
Racal (p)	460	70	35	75	23	80	—	"
Racal (p)	500	110	—	115	5	—	—	"
RTZ (c)	420	20	20	35	10	54	5	418p
RTZ (c)	460	8	5	17	7	35	—	"
RTZ (p)	420	17	4	22	—	27	—	"
RTZ (p)	500	90	1	92	—	97	—	"
RTZ (p)	550	140	5	142	—	—	—	"
Vaal Rfs. (c)	60	3	10	4½	—	6¾	—	$58
Vaal Rfs. (c)	70	⅝	—	2¼	17	3¼	—	"
Vaal Rfs. (p)	60	5	37	7¾	13	8¾	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	18	14	19	27 B	80	39	$375.75
GOLD C	$400	9	4.50	135	15	130	27	"
GOLD C	$425	13	1.60	120	7.50	115	18.50	"
GOLD C	$450	19	0.70	204	6	—	—	"
GOLD P	$375	189	11 A	120	18	4	21.50 A	"
GOLD P	$400	268	30	82	30	5	35.50 A	"
GOLD P	$425	68	51	1	52 A	2	54 A	"
GOLD P	$450	7	76	—	—	—	—	"
12¾ NL 81 87-91								
C	F.107,50	140	0.30	—	—	—	—	F.106,80
P	F.102,50	100	0.10	—	—	—	—	"
10¾ NL 80 86-95								
C	F.97,50	50	0.50	—	—	4	2	F.96,60
		Jan.		April		July		
ABN C	F.280	9	11.40	—	—	—	—	F.291
ABN C	F.300	—	—	5	5	5	7	"
AKZO C	F.20	237	6	—	—	—	—	F.25
AKZO C	F.22,50	130	2.50	20	3.20	—	—	"
AKZO C	F.25	588	0.20	120	1.50	273	2	"
AKZO C	F.27,50	—	—	20	0.60	—	—	"
AKZO P	F.25	—	—	20	1	—	—	"
KODA C	$70	—	—	10	3¾	—	—	$69⅞
HEIN C	F.50	105	0.40	6	2.90	11	3	F.49.20
HEIN C	F.55	—	—	20	1.20	—	—	"
HEIN P	F.45	—	—	—	—	5	1.20	"
IBM C	$55	30	2⅞	32	4⅜	—	—	$57⅛
IBM P	$60	—	—	—	—	10	4¼	"
KLM C	F.90	67	0.30	14	7	—	—	F.87.30
KLM C	F.100	—	—	93	4 A	—	—	"
KLM C	F.110	—	—	47	1.70	20	4A	"
KLM C	F.120	—	—	140	1	—	—	"
KLM P	F.80	—	—	287	1.70 B	—	—	"
KLM P	F.90	448	3	45	6.20 B	—	—	"
KLM P	F.100	29	13 B	36	13.80 B	—	—	"
KLM P	F.110	—	—	5	21.20	—	—	"
NEDL C	F.140	—	—	6	4	—	—	
NEDL C	F.150	—	—	26	1.50	—	—	F.136
NEDL P	F.140	—	—	10	6.50 B	—	—	"
NATN C	F.110	11	0.90	30	3	—	—	F.112
PHIL C	F.20	441	1.20 B	237	2.10	20	2.50	F.21.30
PHIL C	F.22.50	—	—	42	0.90	30	1.10	"
PHIL C	F.25	—	—	20	0.30 A	—	—	"
PHIL P	F.20	—	—	—	—	—	—	"
PHIL P	F.22.50	—	—	—	—	27	0.80	"
PHIL P	F.25	9	3.90	—	—	24	1.70	"
RD C	F.80	26	1	16	5	8	7.60	F.80.70
RD C	F.90	—	—	115	2.20	44	3.30	"
RD C	F.100	—	—	54	0.70	9	1.40	"
RD P	F.80	391	0.50	130	2.20	47	3.80 A	"
RD P	F.90	15	9.50	7	9.50	—	—	"
UNIL C	F.140	7	10.60	—	—	—	—	"
UNIL C	F.150	88	1.30	—	—	—	—	F.151.10
UNIL C	F.160	—	—	6	2.50	—	—	"
UNIL P	F.140	—	—	10	0.80	—	—	"
		Feb.		May		Aug.		
MANN C	DM.170	—	—	20	1	—	—	DM145.50
VW C	DM.140	—	—	10	5	—	—	DM122

TOTAL VOLUME IN CONTRACTS: 6776

A=Asked B=Bid C=Call P=Put

J. P. Morgan ends year with surprise surge in earnings

BY OUR FINANCIAL STAFF

A JUMP of 35 per cent in final quarter earnings at J. P. Morgan allowed the group, parent of Morgan Guaranty Trust, the fifth largest U.S. bank, to post a modest 1.8 per cent increase in earnings for 1981.

The surprisingly strong rise in the final quarter was not matched by other major U.S. banks to report their earnings yesterday.

Chemical New York Corporation, parent of Chemical Bank, the sixth largest in the U.S., achieved a modest 3.3 per cent improvement in final quarter with earnings, before securities transactions of $57.66m, or $3.44 a share, compared with $52.32m, or $3.32 a share. At the net level profits were $54.72m against $52.04m, or at $3.25 a share compared with $3.30.

The final quarter rise at Chemical left its annual profits 22 per cent higher at $215.23m, before securities transactions, up from $176.06m. Net earnings were $215.04m, or $13.06 a share, compared with $174.33m, or $11.11 a share.

Morgan's annual earnings before securities transactions came out at $374.5m compared with $367.7m after the inclusion of the $124.7m contribution of the final quarter, which was ahead from $92.1m previously.

After securities transactions net earnings were up from $341.7m to $437.7m with the final quarter chipping in $119.1m against $84m. Per share net profits for the year to $8.44, up by 11 cents.

At Irving Bank Corporation, holding company for 15 banks including Irving Trust, the 14th largest in the U.S., the final quarter saw a 5.3 per cent improvement in operating earnings from $21.13m to $22.25m, or from $2.40 a share to $2.53. This resulted in annual operating earnings climbing by 13 per cent from $85.83m to $97.09m, or from $9.75 a share to $11.03.

Great Western Financial has deficit in final period

BY OUR FINANCIAL STAFF

GREAT WESTERN FINANCIAL, holding company for the second largest publicly held savings and loan institution in the U.S., plunged to a $24.4m operating loss in its final quarter compared with the $12.2m net profit in 1980.

The final quarter deficit took the annual operating loss to $28.2m against the $39.2m net profit last year. The latest results exclude a quarterly gain of $4.4m and an annual credit of $19.7m from the repurchase of bonds. Including these items the per share loss for the year was 38 cents against last year's $1.74 profit.

Great Western's results have been hurt by the volatility in interest rates as well as the sharp downturn in new housing starts in the U.S. Total new loans in 1981 declined from $900m to $506m and while the yield on its loan portfolio improved from 10.27 per cent to $10.84 on the year, the margin between loan yields and its cost of funds was still negative at 0.54 per cent in the final quarter, although this was an improvement on the negative yield of 0.97 per cent of the third quarter.

Fourth quarter loss for Kaiser Aluminum

By Ian Hargreaves in New York

KAISER ALUMINUM and Chemical, buffeted by the worldwide slump in aluminium demand, lost $16m or 38 cents a share in the fourth quarter of last year and expects to make another loss on aluminium operation in the first quarter of this year.

The fourth quarter loss included $26m in losses from its aluminium business, offset by profits from other interests and by a $17.5m gain from selling tax and investment credits under the terms of the Reagan Administration's new tax policy.

The fourth quarter loss compared with a net income of $43m or $1 a share in the same period of 1980. Sales fell from $864m to $769.5m.

Aluminium shipments fell 26 per cent in the quarter. Kaiser is currently operating at 69 per cent of its worldwide aluminium production capacity.

For the whole of 1981, Kaiser turned in net earnings of $132.9m, equal to $3.08 a share, compared with $247.6m or $5.91 a share in 1980. Revenues were $3.34bn against $3.59bn previously.

Diluted earnings per share were $3.00 compared with $5.62 for 1980.

Mr Cornell Maier, chairman, said that with a worsening debt to capital ratio and declining rates of return, efforts were being made to cut costs, but this would not prevent a loss in aluminium operations in the first quarter of this year.

"The picture should get better as the year progresses," he said, adding that Kaiser's non-aluminium businesses should have another good year.

John Arden looks at the new power behind Brazil's controversial Jari project

A local tunes in to the Amazon dream

"ANTUNES is a mirror reflection of Ludwig. But he's a Brazilian and he also knows the jungle. This is why he'll succeed."

That is how a business associate described the man who is taking control of Jari—the controversial forestry, agriculture and minerals project of Mr Daniel Ludwig, the U.S. shipping magnate.

After an investment of $1bn, Mr Ludwig at 85 now feels too exhausted to carry on his dream to make millions of dollars from fast-growing trees along the Amazon.

Encouraged by the Brazilian Government, a group of companies are to buy Jari for a song. Mr Ludwig's Cancer Institute will initially get nothing, as immediate funds raised—$280m—will go towards paying down Jari's debts. Dividends will eventually be paid on a scale sliding downwards from 5 per cent in 1987 to 3 per cent until 2021, when the deal ends.

If it were not for Sr Augusto Antunes—a friend and admirer of Mr Ludwig—the deal would probably never have gone through.

Born in the city of Sao Paulo of middle class, professional parents, Sr Antunes first began dabbling in minerals when as a mining engineer he bought an iron mine called Pico do Itabirito in the state of Minas Gerais.

The mine was no great success, but in the late 1950s he pushed for the right to mine manganese in the state of Amapa, Brazil's most north-easterly state at the mouth of the Amazon. At the same time, Mr Daniel Ludwig was looking around for a suitable site to plant his fast growing Gmelina trees. He eventually bought Jari, only a few hundred kilometres south west of the Icomi manganese plant.

Sr Antunes won the Amapa mining rights against some of the toughest opposition from experienced foreign companies after giving a strongly nationalist speech before a meeting of the Government's National Mines and Metallurgy Council.

Desperate for money to develop the manganese mine, he spent six months in the U.S., barely able to speak English when he arrived. Despite that, he clung to his ideal of 51 per cent of the shares, and finally found a backer in Bethlehem Steel.

Sr Antunes was lucky. Manganese prices went up steadily for a variety of reasons from the Korean war to the closure of the Suez Canal. A debt of $67m to the U.S. Export-Import Bank was paid off in only four years.

Sr Augusto Atunes

He was said to have first met Mr Ludwig in the late 1960s when organisers of the Jari project sought help from their neighbours on a technical problem.

In 1972, their friendship was cemented by Mr Ludwig's sympathy when, during a visit to the U.S., Sr Antunes' son died from a gas leak in Rio de Janeiro. A friend of Sr Antunes said: "You can not underestimate the importance this had on the friendship between the two men." Mr Ludwig was unable to locate him, but he followed Sr Antunes to Brazil, then took him to South Africa and Europe in a attempt to console him.

Despite this friendship, Sr Antunes has been a driving force in negotiations to ease out Mr Ludwig from Jari.

Once the manganese project was running smoothly in Amapa, Sr Antunes returned to Minas Gerais to re-create an old dream. His old iron mine was not being exploited sufficiently. With Hanna Mining of the U.S., which held concessions in the area, and several Japanese concerns, he formed Mineracoes Brasileiras Reunidas (MBR), now the country's biggest private mining group.

CAEMI, created as a holding group, and which now has assets of $230m, is almost totally controlled by Sr Antunes.

Like Mr Ludwig, Sr Antunes has always avoided publicity and hated interviews.

Although he generally prefers to steer clear of politics, he took an active part in the downfall of the Left-leaning Government of Sr Joao Goulart by the military in 1964. This he achieved by joining and becoming a key member of the Instituto de Pesquisa Economica e Social (IPES), the front organisation set up to plot against Sr Goulart. For this, and his association with Mr Ludwig, he became a target of criticism of the Left and of nationalists.

His participation, through the $40m purchase of the kaolin mine, Caulim da Amazonia — the only successful scheme in Jari so far — is being regarded as apart from the contribution of the other Brazilian companies. Technically he will begin with 40 per cent control of Jari.

The Brazilian companies going into the deal expect a lot more help from their Government that it was willing to grant Mr Ludwig in recent years.

They will insist on doubling the output of Jari Florestal, the timber and pulp arm, which will mean a new mill either imported complete on a barge from Japan, like the first one, or built in Brazil.

Despite the similarities between Mr Ludwig and Sr Antunes, Jari is likely to become a very different place over the years. Instead of being a somewhat mysterious jungle kingdom, visited by an overlord dispensing largesse at whim, the Government is hoping it will become a "pole of development" involving as many companies as possible.

Trading halt in Supron shares after bid talks

By Paul Betts in New York

TRADING IN shares of Supron Energy Corporation, a Dallas-based oil and gas company, was halted on the American Stock Exchange because of an order influx following reports the company was discussing a possible merger with Allied Corporation, the large U.S. chemicals and energy company.

Supron confirmed it had held talks with Allied but said no offers for the company had been made. Allied declined to comment on reports it was discussing a merger with Supron.

Supron for some time has been one of the U.S. oil companies in the long list of takeover candidates in the energy sector. It is regarded as an attractive gas property in view of its substantial natural gas reserves totalling 441bn cubic feet.

Before reports of the merger talks, Supron shares were trading on the American Stock Exchange at $30.50: Any takeover offer probably would have to be around $40 a share, placing a value on Supron of about $880m.

Reorganisation for Marsh and McLennan

By David Lascelles in New York

MARSH AND McLENNAN, the largest U.S. insurance broker and parent of C. T. Bowring of the UK, is creating a new worldwide retail insurance organisation to combine operations in 42 countries.

Mr John Regan, M and M's chairman, said the new unit would have 14,000 employees in 274 offices, with more than half outside the U.S. The change will affect the organisation of M and M rather than the way it does business.

Sell-offs by motor groups

By Our New York Staff

TWO U.S. motor companies, Chrysler and American Motors, yesterday agreed to sell off small parts of their businesses.

American Motors, controlled by Renault, said it would sell its Wheel Horse Products subsidiary to Interlinx for an undisclosed price. Wheel Horse makes lawn mowers and had sales in 1980 of $43m.

Chrysler said it would sell its Introl plant in Michigan, which makes parts for diesel engines. Introl employs about 100 people. The buyer is GT Products.

ITT compensation

Compensation sought from the French Government by International Telephone and Telegraph (ITT) of the U.S. was reported as FFr 375m in some editions of Financial Times yesterday. The true figure was $375m.

U.S. QUARTERLIES

CAMERON IRON WORKS	1981-82	1980-81
Second quarter	$	$
Revenue	298.4m	219.4m
Net profits	45.8m	25.8m
Net per share	1.50	0.85
Six months		
Revenue	567.2m	419.7m
Net profits	83.8m	47.8m
Net per share	2.75	1.57

HART SCHAFFNER & MARX	1981	1980
Fourth quarter	$	$
Revenue	220.8m	185.7m
Net profits	8.36m	6.44m
Net per share	0.96	0.75
Year		
Revenue	815.6m	674.9m
Net profits	27.4m	22.5m
Net per share	3.16	2.63

More zero coupon bond offers

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ZERO COUPON bonds continued to grab the limelight in the Eurobond market yesterday with the launch of more such issues and an increase to $500m from $250m in the bond for Atlantic Richfield launched by Salomon Brothers on Wednesday.

The new issues were $100m over 10 years for Pepsico Capital Corporation through Morgan Stanley and $150m over six years for Wells Fargo led by Morgan Stanley and Daiwa Europe.

The first is priced at 26 per cent to yield 14.42, while the second bears a price of 44.4 per cent to yield 14.49.

These yields are somewhat lower than borrowers would have to pay for a normal interest-bearing bond, but the paper seems to be finding a ready home among investors in offshore centres who want to hold the bonds to maturity and have no capital gains tax problems.

Following the success of the Mitsubishi Chemical issue last week C. Itoh is raising a $50m, six-year bond with warrants through Nikko Securities. The bonds bear an indicated coupon of 11 to 11½ per cent and the warrants will allow holders to purchase stock in the company at a minimum premium of 2½ per cent over the previous six days' average stock price.

Secondary market trading in dollar Eurobonds was again quiet yesterday with prices finishing slightly lower on average. D-mark and Swiss franc bonds were unchanged to slightly lower.

The second issue on this month's D-mark calendar was launched yesterday by Bayerische Landesbank. It is a DM 50m five-year private placement for Swedish Export Credit which bears a coupon of 9¾ per cent, the same as on the latest Austrian placement; but the issue price will only be published today.

The Swiss private placement market is dominated by Japanese convertible issues with Showa Line raising SwFr 50m through Credit Suisse and Mitsubishi Rayon SwFr 60m through UBS. A larger placement of SwFr 150m to SwFr 200m is in the pipeline for Nissan Motors. Led by Swiss Bank Corporation, it bears an indicated yield of 5¼ to 5⅝ per cent and final terms will be set next week.

Gain for Joy Manufacturing

By Our Financial Staff

A FURTHER advance in earnings is reported for the first quarter of fiscal 1982 by Joy Manufacturing, the mining equipment manufacturer which now takes a substantial share of its profit from oil industry and pollution control products.

After restating last year's figures to reflect changes in currency translation accounting and the 50 per cent stock dividend paid in May, net earnings show a 75 per cent gain in the opening quarter to $27m or $1.38, with sales at $299.5m against $254.5m.

In fiscal 1981, earnings jumped by 47 per cent to $4.48 a share, and Wall Street analysts have been predicting a further "moderate" gain this year.

Mining machinery contributed 36 per cent of group earnings in 1981.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16.

Closing prices on January 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16⅜ 88	100	101½	102	−0⅛	−0⅛	16.01
APS Fin. Co. 17⅛ 86	60	103¼	103¾	−0⅛	−0⅛	16.11
Armco O/S Fin. 15⅞ 86	50	98	98½	0	−1⅛	15.57
Bank Montreal 16⅛ 91	150	99⅝	99⅞	−0⅛	−0⅛	16.30
Br. Colum. Hyd. 16⅛ 88	100	100⅜	100⅞	−0⅛	−0⅞	16.04
Br. Colum. Mfa. 17 97	54	102⅞	103⅜	−0⅛	−0⅛	16.40
Can. Nat. Rail 14⅞ 91	100	93	93½	−0⅛	−1⅛	16.01
Caterpillar Fin. 16½ 86	100	101¼	101⅝	−0⅛	−1	15.97
CFMP 16⅜ 96	100	101½	102	−0⅛	−0½	16.40
CIBC 16⅜ 91	100	100⅝	101⅛	−0⅛	−0⅛	16.51
Citicorp O/S 16⅜ 86	150	103	103½	0	0	15.86
Cities Service 17 88	150	103⅞	104⅜	−0⅛	+0⅛	15.88
Cons. Bathurst 17½ 88	60	102⅝	103⅛	0	−0⅛	16.69
CPC Fin. 16⅜ 86	50	104⅞	105⅜	−0⅛	+0⅛	15.06
Dupont O/S 14½ 88	400	96	96½	−0⅛	−1⅛	15.39
EIB 16½ 88	100	100⅝	100⅞	−0⅛	−1⅛	16.30
EIB 16⅝ 97	100	101	101½	−0⅛	−1⅞	16.44
GMAC O/S Fin. 16½ 84	300	100⅜	100⅞	−0⅛	−0⅛	16.11
Gulf States O/S 17½ 88	60	102⅞	103⅜	−0⅛	−0⅛	16.62
Nat. Bk. Canada 16½ 88	40	100	100½	−0½	−0⅛	17.06
Nat. West. 14⅛ 91	100	95½	96	−0½	−1⅛	15.60
New Brunswick 17 88	60	103½	104	−0⅛	−0⅛	15.98
Newfoundland 17⅛ 89	60	106⅜	106⅞	+0⅛	+0⅛	15.68
New & Lab. Hy. 17⅛ 89	75	102⅜	103⅛	−0⅛	+0⅞	16.50
Ohio Edison Fin. 17½ 88	75	102⅞	103⅜	−0⅛	+0½	16.63
OKG 15⅜ 97	50	96⅞	97⅜	−0½	−0⅛	16.24
Ontario Hyd. 16 91 (N)	200	99⅜	99⅞	−0⅛	−0⅛	16.05
Pac. Gas & El. 15⅜ 89	90	102⅛	102⅝	−0⅛	+0⅛	15.18
Quebec Hydro. 17⅛ 91	150	103⅝	104⅛	−0⅛	−0⅞	16.35
Quebec Province 15⅜ 89	150	96⅞	97⅜	−0⅛	−0⅛	15.89
Saskatchewan 16⅛ 88	100	100	100½	+0⅛	−0⅛	16.15
Shell Canada 15⅛ 91	100	100	100½	−0⅛	−1⅛	15.65
Statsforetag 16⅜ 87	50	98⅜	98⅞	−0⅛	−0⅛	16.25
Sweden 14½ 88	150	92⅝	93⅛	−0⅛	−0⅞	16.27
Swed. Ex. Cred. 16½ 93	75	101⅛	101⅝	−0⅛	−0⅛	16.15
Tenneco Int. 17 89	100	103½	104	+0⅞	0	16.06
Texas Eastern 15⅞ 88	75	99⅜	99⅞	−0⅛	+0⅛	16.01
Transcanada 17⅜ 88	75	105⅛	105⅝	0	+0⅛	16.26
Transcanada 16 89	100	99⅜	99⅞	−0⅛	+0⅛	16.08
Walt Disney 15⅝ 86	100	100⅝	101⅛	−0⅞	−0⅞	15.35
Winnipeg 17 86	50	102⅛	102⅝	−0½	−1⅛	16.17
WMC Fin. 15½ 88	80	96	96½	−0⅛	−0⅛	16.42
World Bank 16 88	80	99⅝	100⅛	−0⅛	−1	15.97
World Bank 16½ 88	130	101⅞	102⅜	−0⅞	−0⅛	15.75
World Bank 16½ 88	100	101⅛	101⅝	−0⅛	−1⅛	16.09

Average price changes... On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99	99½	0	−0⅛	10.09
Asian Dev. Bank 10⅜ 89	100	101½	101⅞	−0⅛	−0⅛	10.44
Belgelectric 11 91	100	101	101½	−0⅛	−0⅛	10.75
CECA 10 91	120	100⅝	101½	−0⅛	−1½	9.89
Coun. of Europe 10 91	100	99⅞	100⅜	0	−1½	9.94
Coun. of Europe 10⅞ 91	100	100¼	101	−0⅛	−0⅞	10.73
EEC 10⅛ 93	100	100	100½	−0⅛	−0⅛	10.06
EIB 8½ 90	200	91½	92⅛	−0⅛	−1⅛	9.92
EIB 10½ 91	200	102	102½	−0⅛	−0⅛	10.08
Finland, Rep. of 10½ 88	100	100½	101	−0⅛	−0⅛	10.31
Inter-American 10 91	100	99⅝	100⅛	−0⅛	−1⅛	9.99
Inter-American 10⅜ 91	100	99⅞	100⅜	−0⅛	−1	10.20
Japan Air Lines 8⅞ 87	100	95⅝	96⅛	−0⅛	−0⅛	9.09
Midland Int. Fin. 8½ 90	150	92⅝	93⅛	−0⅛	−0⅛	9.71
Mt. Bk. Dnmk. 10½ 91	100	99⅝	100⅛	0	−0⅛	10.49
Nat. West. 11 91	125	104½	104⅞	−0⅛	0	10.21
New Zealand 9⅝ 89	200	99⅞	100⅛	−0⅛	−0½	9.72
OKB 10⅛ 91	150	100	100½	−0½	−0⅛	10.07
Quebec Hydro 10⅛ 91	250	101⅜	102⅛	−0⅛	−0⅞	9.96
Renault Acpt. 10⅜ 86	150	100⅝	100⅞	0	−0⅛	10.60
Swed. Ex. Cred. 10⅛ 91	100	98⅞	99½	+0⅛	−0⅛	10.38
World Bank 11 91	100	103⅜	103⅞	−0½	−0⅞	10.39
World Bank 10 91	250	99⅝	100⅛	−0⅛	−0⅛	9.97

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aéroport Paris 6½ 91	60	†94½	95	0	0	7.29
Asian Dev. Bank 8 90	80	102	102½	0	−0½	7.65
BFCE 6½ 91	100	95	95½	−0½	−0⅛	7.25
Belgelectric Fin. 7⅝ 91	100	101⅝	102	+0⅛	−0⅛	7.46
Bell Canada 7⅛ 93	100	105½	106⅛	0	−0⅛	6.55
Bergen, City of 6⅜ 91	40	100	100⅛	−0½	−0⅛	6.73
Bat. de Autopistas 8 90	50	100	100⅛	−0½	−0½	7.98
CECA 6⅜ 91	80	99½	99⅞	−0⅛	−0½	6.85
Dome Petroleum 5⅜ 91	100	93½	93⅞	−0⅛	−0⅛	6.71
Dome Petroleum 7⅛ 90	100	103⅝	104	−0⅛	−0⅞	6.69
Franc. Petroles 6½ 91	80	96⅛	96½	0	0	7.04
Genstar 7 91	100	102⅛	102½	−0⅛	−0⅛	6.64
Int. Amer. Dv. Bk. 7 91	100	98⅝	99	+0⅛	−0⅛	7.16
I/S Elsam 8½ 91	80	104	104⅜	−0½	−0⅛	7.87
Japan Air Lines 7½ 91	100	104⅝	104⅞	−0½	−0⅛	6.65
Neder. Gasunie 8 91	100	106⅜	106⅞	0	+0⅞	7.02
OKB 7 93	100	99⅝	100	0	−0⅛	7.01
OKB 7⅛ 91	100	101	101½	−0⅛	+0⅛	7.08
Oslo, City of 8 91	100	105½	106	+0⅛	+0⅛	7.16
Saint Etienne 8½ 91	20	104½	104⅞	0	0	7.80
Swed. Ex. Credit 7⅜ 91	75	†97	97½	0	0	7.67
TNT O/S Fin. 8 91	50	105⅛	105½	+0½	+0⅛	7.21
Unilever NV 7½ 93	100	106⅞	108⅛	−0⅛	0	6.71
World Bank 6 91	100	93½	93⅞	−0⅛	−0⅛	6.97
World Bank 7 90	100	†101	101½	0	−0⅞	6.79
World Bank 8 91	100	105	105½	−0½	+0½	7.23

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	100⅝	101⅛	−0⅛	+0⅛	8.05
Australia 8½ 89	20	91⅝	92⅛	−0⅛	+0⅛	8.27
EIB 7⅜ 88	12	98⅝	99⅛	−0⅛	+0½	7.89
Finland, Rep. of 8⅜ 87	15	100	101	−0⅛	+0⅛	8.24
Int.-Amer. Dev. 8⅞ 91	15	102⅝	103⅛	−0⅛	+1⅛	8.37
New Zealand 8⅜ 87	15	100½	101½	+0⅛	+0½	8.12

Average price changes... On day −0⅛ on week +0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†97½	98	−0⅛	−0⅛	17.41
Federal Dev. 17⅜ 86 C$	40	†102⅝	103⅛	−0⅛	−1⅛	16.80
GMAC (Can.) 18 87 C$	60	†104⅝	105⅛	−0⅛	−0⅛	16.44
Pancanadian 16½ 88 C$	85	†97⅞	98½	0	−0⅛	16.99
Queb. Urban 16⅜ 86 C$	20	†100	101	0	−0½	16.56
Roynat 17⅛ 88 C$	40	†100½	101½	0	−0½	16.90
Tordom Cpn. 18½ 85 C$	30	†93½	94½	−0½	−0⅞	15.86
M. Bk. Dnmk. 9 91 EUA	25	84½	85½	+2⅛	+2⅛	11.82
SOFTE 8⅜ 89 EUA	40	78⅜	79½	+0⅛	+0⅛	12.89
U. Bk. Nwy. 9½ 90 EUA	16	90⅜	92	0	0	11.15
Algemene Bk. 10⅜ 86 Fl	60	97⅛	97⅝	−1⅛	−2⅛	11.06
Amfas Group 12⅛ 86 Fl	40	102⅜	102⅞	−0⅛	−0⅛	11.52
Amro Bank 12 86 Fl	75	101⅛	102⅛	+0⅛	−0½	11.39
Amro Bank 12 86 Fl	60	101⅛	101⅞	−0⅛	−1⅛	11.51
Heineken NV 10 87 Fl	100	96⅛	96⅝	−0⅛	−0⅛	10.85
Pierson 10⅛ 86 Fl	50	98	98½	−0⅛	−0⅛	10.78
Rabobank 12 86 Fl	50	101½	102	−0⅛	−0⅛	11.43
Air France 14⅛ 86 FFr	200	93⅛	94⅛	+0⅛	+0⅛	16.63
Bk. America 14⅛ 86 FFr	250	93	94	0	0	16.66
Charb'nages 13⅞ 85 FFr	400	92⅜	93⅛	+0½	+0⅛	16.36
EIB 14⅛ 88 FFr	330	89½	90½	+0⅛	+0⅛	16.90
La Redoute 14⅛ 85 FFr	125	91⅛	92⅛	+0⅛	+0⅛	17.37
OKB 14 86 FFr	400	92⅛	93⅛	+0½	+0⅛	16.55
Solvay et C. 14⅛ 86 FFr	200	92⅜	93⅛	+0⅛	+0⅛	17.23
Swed. E. Cr. 14⅛ 86 FFr	250	92⅛	93⅛	0	0	17.14
U. Mex. Sts. 14 85 FFr	150	91⅛	92⅛	0	+0⅛	17.31
Acona 14 85 £	20	90	91	−0⅛	−0⅛	17.53
Beneficial 14⅛ 90 £	20	83½	84½	0	−0⅛	17.96
BNP 13⅛ 91 £	15	84	85	+0⅛	0	16.98
CECA 13⅛ 88 £	20	88⅜	89⅛	−0⅛	−0⅛	16.32
Citicorp O/S 13½ 90 £	50	87⅛	88⅛	−0⅛	−0⅛	16.17
Fin. Ex. Cred. 13⅛ 86 £	15	89⅝	90⅝	0	0	17.07
Gen. Elec. Co. 12½ 89 £	50	85⅛	86⅛	0	−0½	15.91
Hiram Walker 14⅛ 86 £	25	92⅞	93⅞	0	0	16.46
Privatbanken 14⅛ 86 £	12	88⅜	89⅛	−0½	−2⅛	17.43
J. Rothschild 14⅛ 90 £	12	91⅞	93⅛	0	−0⅛	15.85
Royal Trustco 14 86 £	12	92⅛	93⅛	0	−0⅛	16.38
Swed. Ex. Cr. 13⅛ 86 £	20	90⅛	91⅛	−0⅛	0	16.92
Akzo 9⅛ 87 LuxFr	500	84⅛	85½	0	−0⅞	13.08
Euratom 9⅛ 88 LuxFr	500	85⅜	86⅜	0	+0⅛	13.25
Eurofima 10½ 87 LuxFr	500	91⅛	92⅛	−0⅛	+0⅛	12.57
EIB 9⅛ 88 LuxFr	600	87	88	0	+0⅛	12.86
Volvo 9⅛ 87 LuxFr	500	86⅜	87⅜	0	−0⅛	13.11

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 90	0⅛	99½	100	16/6	14⅛	14.29
Bank of Montreal 5⅛ 91	0⅛	99⅜	99⅞	29/4	17.06	17.13
Bank of Tokyo 5⅛ 91	0⅛	98⅞	99⅜	10/6	13⅛	13.47
Bk. Nova Scotia 5⅛ 93	0⅛	99⅝	100	29/4	17.06	17.11
BBL Int. 5 86	0⅛	99⅜	99⅞	20/5	13½	13.58
BFCE 5⅛ 88	0⅛	99½	100	28/4	16.94	16.98
Christiania Bk. 5½ 91	†0⅛	98⅝	99⅛	5/2	15.56	15.74
Co-Ban Eurofin 5⅛ 91	0⅛	98⅜	99⅛	14/4	16.89	16.88
Den Norske Cred. 5⅛ 93	0⅛	97⅜	97⅞	4/6	13.56	13.89
Genfinance 5⅛ 92	0⅛	99½	100	30/6	15½	15.54
Giro und Bank 5⅛ 91	†0⅛	98⅞	99⅜	22/3	14.06	14.19
GZB 5⅛ 92	†0⅛	98⅝	99⅛	5/3	13⅛	13.27
Ind. Bank Japan 5⅛ 88	0⅛	98⅜	98⅞	9/5	13.31	13.50
Lloyds Eurofin 5⅛ 93	§0⅛	99½	100	29/4	17.13	17.17
LTCB Japan 5⅛ 89	0⅛	98⅞	99⅜	16/1	18.32	18.48
Midland Int. Fin. 9 91	0⅛	99⅝	100⅛	30/4	17.06	17.08
Nacional Fin. 5⅛ 88	0⅛	97⅜	98⅛	25/3	17.31	17.67
Nat. Bk. Canada 5⅛ 88	0⅛	99½	100	24/3	17.31	17.36
Nat. West. Fin. 5⅛ 91	§0⅛	98⅞	99⅜	15/1	16⅛	16.28
Nat. West. Fin. 5⅛ 92	§0⅛	99⅝	100⅛	23/4	17	17.02
Nordic Int. Fin. 5½ 91	0⅛	98⅜	99⅛	5/5	15⅛	15.78
Offshore Mining 5⅛ 91	0⅛	97⅞	98⅜	2/6	13	13.25
Pemex 6 91	0⅛	97⅜	97⅞	8/4	17	17.41
PKbanken 5 91	0⅛	98⅛	99⅛	17/6	14⅛	14.52
Sanwa Int. Fin. 5⅛ 88	0⅛	†99½	100	24/3	17⅛	17.29
Spotland Int. 5⅛ 92	0⅛	98	98½	23/3	13.94	14.19
Sec. Pacific 5⅛ 91	0⅛	98⅜	98⅞	24/5	13⅛	13.46
Societe Generale 5⅛ 91	0⅛	99	99½	22/1	18⅛	18.77
Sparebanken 6 87	0⅛	98⅜	99⅛	21/6	14.44	14.58
Standard Chart. 5⅛ 91	0⅛	97⅞	98⅜	16/5	13.31	13.57
Sumitomo Fin. 5½ 88	0⅛	99½	100	6/2	19.56	19.61

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	96	97½	+0⅛	0.59
Bow Valley Inv. 8 95	4/81	23.12	99	101	−0⅛	31.36
Canon 6⅛ 95	1/81	629	106⅛	108⅛	+0⅛	6.22
Daiwa Secs. 5⅛ 96	12/81	513.3	†77	79	−0½	−4.26
Fujitsu Fanuc 4½ 96	10/81	6770	106⅛	107⅛	+0⅛	3.84
Furukawa Elec. 5⅛ 96	7/81	300	123⅛	124⅛	+0⅛	0.87
Hanson O/S Fin. 9½ 96	8/81	2.74	†83	84	−4	−4.42
Hitachi Cred. Cpn. 5 96	7/81	1773	91⅛	93⅛	+0⅛	7.90
Inchcape 8 95	2/81	4.55	†59	60½	−1½	24.01
Kawasaki 5⅛ 96	9/81	229	83⅛	85½	−0⅛	9.34
Marui 6 96	7/81	931	103⅛	104⅛	−0⅛	0.51
Matsushita El. 7½ 95	11/80	590	92½	94	0	3.28
Minolta Camera 5 96	10/81	909	71½	73	−0⅛	11.76
Murata 5⅛ 96	7/81	2190	78⅛	79⅛	0	21.03
NKK 6½ 96	7/81	188	97½	99	+1⅛	2.60
Nippon Chemi-C. 5 91	10/81	919	75	77	0	2.07
Ricoh 6⅛ 95	8/80	604	107	109	+0⅛	3.72
Sanyo Electric 5 96	10/81	652	77	78½	+0⅛	12.01
Sumitomo Met. 5⅛ 96	10/81	305	84⅛	85⅞	+0⅛	10.62
Swiss Bk. Cpn. 6⅛ 90	9/80	191	†73½	75½	0	13.32
Taylor Woodrow 8⅛ 90	1/81	4.94	†76	77	−1	−4.16
Transco Int. 8⅛ 95	3/81	68	†77	78⅛	−3	30.54
Tricorp 8½ 95	2/81	31.25	†63½	65	−2½	40.90
Union Bk. Switz. 5 89	2/80	70.79	†82	84	−3	5.28
Mitsubishi H. 5 89 DM	2/82	263	100	101	+1½	3.09
Sharp Cpn. 6⅛ 88 DM	9/80	591.8	165⅛	166⅛	+2⅛	−1.07

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate. (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

French bankers to allay fears of foreign partners

BY DAVID HOUSEGO IN PARIS

THE FRENCH government is to impress on the new chairm n of French banks now in the final throes of being nationalised that a major task before them in the coming months will be to reassure foreign partners that the banks will continue to operate as professional, commercial organisations.

Appointments of the chairmen of the 36 banks being taken over will be finalised over the next few days. Before the new nominations are announced—probably after the weekly Cabinet meeting next Wednesday—the Government expects to receive the judgment of the Constitutional Council on the legality of its nationalisation measures.

Although the Government does not expect the council, the supreme judicial body, to challenge fundamentally the will of the National Assembly, modifications in the Bill are possible which could effect the final number of banks being taken over.

Among appointments expected to be made are M Jean-Yves Haberer, Director of the Treasury, as the new head of Paribas, and M Dominique Chatillon, who is likely to stay on as head of Credit Industriel et Commercial (CIC). CIC's decentralised structure is seen as something of a model for other banks.

The Government is particularly anxious to reassure foreign opinion that the newly nationalised banks will have autonomy of management and not benefit from the state. This is particularly true of Indosuez and Paribas, which have the largest international operations.

In the same spirit of minimalising the immediate impact of the change, officials say that the Government will pointedly refrain from encouraging the new chairman to hasty mergers and marriages with other domestic banks. In the medium to long term, the Government foresees a regrouping of banks that would combine those with a large deposit base and those whose source of funds depends on borrowing from the money market. Such a regrouping would also incorporate criteria such as complementing regionally based banks and those with widespread international operations.

But the Government no longer wants to hurry such mergers, believing there are affinities and differences between institutions which the administration has not fully taken into account. Some independent bankers have been expecting nationalisation to be rapidly followed by a "cannibalisation" of smaller banks by the larger institutions.

Instead, the Government seems anxious that banks retain as much of their existing management team. Restoring their morale will also be a priority task for the new chairmen.

On decentralisation of the major banks—a key element of the planned reforms—the furthest the Government wants to go at the moment is to encourage stronger local links between banks and the newly constituted local authorities. For the time being borrowers are unlikely to find much change in the criteria on which credit is allocated.

France to test its grand design for electronics

BY TERRY DODSWORTH IN PARIS

IF AN IRON test for the French Socialists' new industrial policy were needed, there could be no better choice than electronics. It is an industry which encapsulates the Government's ambitions for responding to the challenge of new technology, while reflecting all its fears over the spectre of U.S. and Japanese domination.

But electronics is also a fearsomely difficult industry to organise through the favourite French methods of direct administrative intervention. This is what makes the Socialist experiment so interesting: the Government of M Francois Mitterrand clearly intends to go ahead with a centrally masterminded grand plan for the industry, involving wholesale nationalisation, heavy public spending in the order of FFr 10bn ($1.8bn), and intervention all along the line.

Some of the main elements of this thinking have begun to emerge over the past few days. They show that the Socialist planners are determined to create an extremely broadly-based industry. The aim is to give France a large degree of national independence right along the chain of manufacturing dependent on electronics—from chips through to office equipment, telecommunications and virtually any size of computer.

Coherent plan

This policy conforms with the new Industry Ministry's "filiere" doctrine—the attempt to develop a coherent plan for an industry through a vertical approach, making sure that there are no weaknesses in the links from raw material to finished product.

The same concept is being applied elsewhere, such as the machine tool sector reorganisation. But in electronics it is regarded as even more essential, since virtually all the key products in the chain are vital to other industries.

But how can France, a medium-sized country dwarfed by the U.S., and only half as populous as Japan, compete effectively? The problem of size has raised once again the old nostrum of European solutions, and much more will be heard of that in the months ahead. In the short term, however, the most important decisions will be devoted to sorting out the league table of nationalised companies in the different production areas.

According to M Louis Mexandeau, the Minister for Posts and Telecommunications, one important distinction has already been made by the planners. In industries which have a good record, two national competing companies are acceptable. By contrast, in those areas where the record is more or less catastrophic, such as chip manufacturing, consumer electronics, and information systems, a more drastic solution of single industry leaders may be conceived.

This means, for example, that in telecommunications the two national leaders, Thomson and CIT-Alcatel, will continue as at present—while the ITT subsidiary, CGCT, is almost certainly doomed. But in computers, all the emphasis will be put on a much more concentrated approach than at present.

The idea of consolidating the national effort in the ailing segments of the electronics industry undoubtedly lies behind the decision earlier this week to veto Thomson-CSF's proposed link with SEL of the U.S.

A setback

Thomson conceived this deal as part of its strategy to give itself a broad-based information processing capacity for shops, offices and industry. The Government has since told the company that it approves the general concept. But for the powerful mini-computer sectors of the market covered by the SEL products, it prefers a policy based on Cii equipment. Hence the two nationalisable companies are to get together and work out common products, even though Thomson clearly feels that the SEL material was better adapted to its needs.

While suffering a setback in this area, however, the Thomson group is emerging as the clear favourite to champion France's attack on the consumer electronics industry and semi-conductor sectors. In consumer electronics, the Government really has little choice, since Thomson is the only French group to have effectively withstood the assault of importers in booming areas like hi-fi or television sets.

In semiconductor manufacturing, on the other hand, the choice of Thomson's Efcis subsidiary, in which the Atomic Energy Commission also has a stake, would involve a sizeable redrawing of frontiers. Both Matra and Saint Gobain, each of which are also being nationalised, have their own plants in the same field. These would in some way have to be integrated in the Thomson plans, if the reorganisation comes about.

Spanish banks asked to apply dividend restraint

BY ROBERT GRAHAM IN MADRID

THE Bank of Spain has advised banks to limit dividends to 8 per cent of their assets in the first year in which dividends have ceased to be formally controlled.

The request reflects the Bank of Spain's concern that bank dividends should continue to be regulated in order to ensure that the sector makes adequate provision for doubtful debts and portfolio writedowns.

Until this year bank dividends had been held to a maximum of 6 per cent. During the initial phase of dividend decontrol the central bank has the right to recommend to the banks their scale of increase. Initially it was thought that this might be done on an individual basis. However, the Bank of Spain appears to have opted for a global recommendation.

With few exceptions, the central bank's move is unlikely to be seen as a major inconvenience to the banking community. One of the fears over dividend decontrol has been that it would expose sharp differences among the banks—both large and small—which would in turn have a negative impact on those banks paying below average dividends.

The big seven banks have traditionally paid dividends either at the 6 per cent limit or close to it.

The Bank of Spain is determined not to allow dividend freedoms to absorb funds which should be set aside for provisions against doubtful debts. Only the larger banks have, on the whole, been able to fulfill the conditions laid down by the Bank of Spain in this respect.

Last year the amount set aside by the commercial banks to this effect rose by 73 per cent to Pta 80bn ($815m) with a further Pta 12bn for portfolio writedowns. This represented an average of 0.7 per cent of assets.

Bastogi shares plummet as trading reopens in Milan

BY JAMES BUXTON IN ROME

SHARES IN Bastogi, the Italian industrial and property group, fell by 20 per cent yesterday when trading resumed after a week's suspension. On Wednesday the company, which is in serious financial difficulties, announced a 65 per cent write-down of its capital to cover heavy losses.

The shares closed at L162, having stood at L204 on January 6 before being suspended on the orders of the Consob, the stock exchange regulatory authority. On that day alone they declined from L246.

To meet a total deficit of L172.3bn ($141m), almost entirely incurred in the first 11 months of 1981, the nominal capital is being reduced from L263.7bn to L92.3bn, taking the nominal value per share down from L1,000 to L350.

Investors appear to have drawn negative conclusions from the company giving no details of how Bastogi will be recapitalised after the write-down. Nor has any date been set for a shareholders' meeting to approve the measures.

SGE buys road builder

BY DAVID WHITE IN PARIS

SOCIETE Generale d'Entreprises (SGE), which is part of the CGE group, has agreed to buy a controlling stake in a specialised road building concern, Cochery. Its initial purchase of a 52 per cent shareholding from the private sector utility, Societe Lyonnaise des Eaux, will cost around FFr 45m ($7.8m), with the offer remaining open to minority holders.

Cochery, which had group turnover of around FFr 2.7bn ($465m) last year, is expected to show a consolidated loss. This is reported to be largely because of difficulties encountered in Cameroun, one of the principal focuses of the group's attempts to expand abroad.

The acquisition will give the SGE group the leading position in the road building sector in France, reinforcing the top rank in building and public works which it achieved two years ago, when it took control of Sainrapt et Brice.

SGE already has a roadmaking subsidiary, Bourdin et Chausse.

Together with Cochery, the group expects to build overall turnover up to around FFr15bn this year — compared with FFr 10.3bn in 1981.

Reduced profits at Ferrostaal

By James Buchan in Bonn

FERROSTAAL, the West German steel and plant trading concern, announces a net profit of DM 22m ($9.5m) for the year ended June, 1981, marginally down on the previous year's DM 25m. Sales remained at DM 3.5bn with a minor fall in steel trading turnover compensated by plant export sales.

The company, which is a subsidiary of the Gutehoffnungshuette group, is relatively optimistic for the current year, with an order book of more than DM 3bn following an improvement in steel orders.

But Dr Hans Singer, the chief executive, warned that success would depend on a general adoption by steel producers and traders of the latest EEC price rises. There remained also the danger of distortions in the market from national protcionist measures.

Dr Singer also remarked on the continuing handicaps for West German plant and machinery exporters because of the high cost of export finance in West Germany.

Alcoa agrees to Australian smelter

By Graeme Johnson in Sydney

AGREEMENTS IN principle have been reached between Aluminum Company of America (Alcoa) and the International Construction Company of South Korea for a A$1bn ($US1.17bn) power station / aluminium smelter complex in Western Australia.

The Western Australian Government announced yesterday it had reached agreement with the two companies.

Work on the project could start as soon as next year after a 12-month detailed engineering, environmental and financial study is completed. The signing of a final agreement between the companies and the State Government is dependent on the studies and further negotiations.

But the Government is confident that the project, based at Bunbury, 180 km south of Perth, will come on stream early in 1986.

Sir Charles Court, the State Premier, said the smelter would start production at 210,000 tonnes of aluminium a year. The 600 megawatt power station would be built, operated and owned by the Korean company.

Kawasaki to triple robot output

BY OUR FINANCIAL STAFF

KAWASAKI HEAVY Industries, the Japanese motorcycle, shipbuilding and machinery group, announced yesterday that it is to build a plant at Kobe capable of turning out 2,000 robots a year.

The plant, scheduled to cost Y17bn ($76m), will be the biggest in the world designed specifically to make industrial robots, the company claimed yesterday. Production is expected to start early in 1984 and will triple the company's output.

Robot sales were worth about Y7.3bn to Kawasaki last year, or about 1 per cent of the group's total sales. The company is already the market leader in Japan, with a little under 10 per cent of 1980-81 domestic robot sales. Kawasaki expects sales to rise to more than Y20bn a year once the new plant is in operation.

Kawasaki robots are made under licences from Unimation of the U.S., and it expects demand to continue to run strong in the Japanese motor, electronics and engineering industries, but aims nonetheless to export between 20 per cent and 30 per cent of the output of the Kobe plant.

Kawasaki's sales during the first half of the current year to March 31 rose to 23.9 per cent to Y355.5bn ($1.6bn) over the previous year. Operating profit rose by more than 800 per cent to Y6.68bn, while net profits increased by 96 per cent to Y3.29bn for the period.

The group said yesterday that the new plant would double the share of total sells held by robots to 2 per cent. Other major Kawasaki interests include motorcycles, plant construction, shipbuilding, aircraft and a wide range of machinery.

● Nippon Electric Company, the computer and telecommunications group, expects a "material increase" in sales and earnings in the year to March 31, Mr Motoo Hirota, senior executive vice-president of the company, said in Zurich yesterday, reports John Wicks.

In the 1980-81 financial year the company's consolidated turnover rose by 22 per cent to the equivalent of $4.71bn, while net income jumped by 51 per cent to $99.3m. In the first half of the current year sales rose by 18 per cent and profits by 24 per cent, and Mr Hirota said it was traditional for the second half of a financial year to show an increase on the first six months.

NEC, on Monday is to announce conditions for an $80m convertible Eurobond issue.

Modest growth for Japanese printing group

BY YOKO SHIBATA IN TOKYO

TOPPAN PRINTING, Japan's second largest printing company, has reported moderate earnings growth for the six months to November 1981 with earnings affected by heavier depreciation and rising costs.

Toppan's unconsolidated half year operating profits reached Y14.25bn ($63.5m), up 3.1 per cent on the previous year. Half-year net profits were Y7.12bn, up 6.2 per cent on half year sales of Y222.59bn, up 8.1 per cent. Per share profits for the first six months were Y18.43, compared with Y18.42 in the previous year.

During the half year, sales of the securities division—which includes the printing of various magnetic credit card and passbooks—showed a 4.9 per cent growth to account for 3.6 per cent of the total turnover.

Sales of general printing division—consisting of commercial printing, electronic precision components and construction materials—rose by 5.2 per cent to account for 62.5 per cent. In particular, sales of electronic precision components showed marked growth.

The company's domestic sales of construction materials were weak, reflecting sluggishness in housing industry. Overseas sales were "favourable."

Because of a boom in new magazines, sales of the publication division rose by 8.3 per cent to account for 19 per cent of the total turnover, while sales of paper cups and containers for ice-cream and refreshments rose by 12.5 per cent as a result of hot summer weather to account for 14.9 per cent of the total.

Earnings were held back by higher material costs and higher depreciation charges.

However, improvement in net financial income was Y160m compared with a deficit of Y51m, accounted for the 3.2 per cent growth in operating profits.

LEGAL NOTICES

H.M. LAND REGISTRY

LOST CERTIFICATE(S)

It is proposed to issue a new Certificate to replace the one described below that is stated to have been lost or destroyed. Anyone possessing the missing certificate or objecting to the issue of a new one should at once notify H.M. Land Registry, Lincoln's Inn Fields, London WC2A 3PH.

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THEATRES

VICTORIA PALACE. CC 01-828 4735-6. 01-834 1317. Evgs 7.30. Mats Mon. Tues. Wed. Thurs & Sat at 2.45. JOHN INMAN, ARTHUR LOWE, IAN LAVENDER in MOTHER GOOSE. Group sales 01-379 6061 & Teledata 01-200 0200 (24 hours).

VICTORIA PALACE THEATRE Opens March 11 — Limited Season. Previews March 5-10. ELIZABETH TAYLOR in THE LITTLE FOXES by LILLIAN HELLMAN. Advance Box Office Open 01-834 1317-8. 01-828 4735-6. Credit cards accepted.

WAREHOUSE. Donmar Theatre, Earlham St. Covent Gdn. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY Last perfs HANSEL & GRETEL by David Rudkin ton't 7.30 pm (may be felt not suitable for younger children). WAREHOUSE FESTIVAL opens 18 Jan with playreading of AUNT MARY new play by Pam Gems.

WESTMINSTER. CC. S. 01-834 0283. GAVIN AND THE MONSTER. A fantasy adventure musical. Until Jan 23. Mon-Sat 2.15. Fri & Sat 6.45.

WHITEHALL. Box off tel 01-839 6976. 01-930 8012-7765. CC 01-930 6693-6694. Group sales tel 01-379 6061. Whitehall's latest farce ANYONE FOR DENIS? by JOHN WELLS. Directed by DICK CLEMENT. MON-SAT EVES 8.15 pm. MAT SAT 5.00 pm.

WYNDHAM'S. S 836 3028. CC 379 6565. Grp reductions 836 3962. COLIN BLAKELY. ROSEMARY HARRIS in ARTHUR MILLER'S ALL MY SONS. Directed by MICHAEL BLAKEMORE. Mon-Fri 7.30. Sat 4 30 & 8.00. Wed mat 2.30.

YOUNG VIC (Waterloo). 928 6363. Eves 7.30. No perf tonight, seats £2.30. JOHN MORTIMER'S CASEBOOK. From Tues 19th KING LEAR.

ART GALLERIES

LEFEVRE GALLERY, 30, Bruton St. W1. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX and XX CENTURY WORKS OF ART. Mon-Fri 10-5.

MARLBOROUGH 6, Albemarle St. W1. ALEX ATZ — RECENT PAINTINGS. Until 6 Feb. Mon-Fri 10-5.30. Sat 10-12.30 pm.

MATHAF GALLERY, 32, Motcomb Street, London, SW1. Tel. 235 0010. Specialists in 19th Century and Contemporary Paintings in ARABIA.

WHITECHAPEL ART GALLERY. Whitechapel High St. 337 0107. Tube Aldgate East. To 24 Jan. BRITISH SCULPTURE IN THE TWENTIETH CENTURY. Part II 1951-80. Sun-Fri 11-6. cl. Sat. Adm. £1 (50p). Free Mon 2-6.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 734 0557.

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PUBLIC NOTICE

DERBY CITY COUNCIL BILLS £1,500,000, due 14th April 1982, issued 13th January 1982 at a rate of 14 39-64%. Applications totalling £3 000,000. These are the only Bills outstanding.

PERSONAL

IN LIVING MEMORY

Floral tributes fade. Your regard for a departed friend lives on if you make a donation in their name to Help the Aged's work — towards a Day Centre for the lonely, medical treatment or research for the old, or help for the housebound. Every £ achieves a great deal for the old. Please let us know the name you wish to commemorate.

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CONTRACTS

Whessoe has £6m orders

The WHESSOE GROUP, through its subsidiary Aiton and Co, has been awarded work worth over £6m at the CEGB Heysham II and SSEB Torness advanced gas cooled reactor (AGR) nuclear power stations. The contracts were awarded by the National Nuclear Corporation Limited (NNC) on behalf of the Central Electricity Generating Board and the South of Scotland Electricity Board and cover the design, supply and installation of the decay heat boiler feed and air cooled systems.

★

A £1.5m contract has been awarded to UK CONSTRUCTION AND ENGINEERING by the Welsh Water Authority for pipe laying in connection with phase two of the Wye-Usk transfer scheme. The contract involves the laying of 15 km of 1255 mm diameter carbon steel, bitumen-protected piping which is to be supplied by the client. The pipeline will generally be laid in a trench and will cross the rivers Wye and Usk and will pass under the A449 trunk road. UK Construction and Engineering Company is part of the WGI group.

★

A contract worth £455,362 has been awarded by Warrington and Runcorn Development Corporation to WRN CONTRACTING of Denton, Manchester. The contract is for main drainage and advance site-works for housing in Old Hall 9, both in the Westbrook district of Warrington New Town. The main drainage works are to service industrial development in the Phipps I area, and include the construction, in dual and single trench, of approximately 580 metres of foul water sewers from 225 mm to 375 mm diameter.

★

DENHAM DEVELOPMENTS has been awarded a £436,000 contract to build a six-storey block of 15 flats at 100, Whitfield Street, London W1 for Westminster Property (Developments). Work has started on site and completion is due in January 1983.

★

Contracts worth more than £400,000 have been won by OFFSHORE VENTILATION of Carshalton, Surrey for the design and manufacture of heating and ventilating equipment for the Mobil Beryl B oil platform and Conoco Viking gas platforms in the North Sea. A complete package of heating and ventilating equipment will be supplied for the Mobil Beryl B drilling modules as part of an order worth in excess of £300,000 from KCA Engineering. The other contract involves the complete design, manufacture and installation of ventilation and pressurisation systems to the turbine generator rooms and associated areas on two platforms in the Conoco Viking field in the southern sector of the North Sea.

★

BOVIS CONSTRUCTION has been awarded a £950,000 contract by the Chantry Keys Group, Birmingham, to refurbish "Chantry," Hatch Lane, Windsor. Formerly a convent, the listed building will be substantially renovated and altered to provide 12,000 square feet of office accommodation. Work will comprise the removal and replacement of all floors, old roof tiles, decaying timber joists and windows. Suspended ceilings will be fitted and services will be installed. Externally a drive way and car park will be provided.

★

A. J. K. Water Resources, Nigeria, part of the Ibru Organisation, have ordered two Dando 250 rotary drilling rigs and ancillary equipment, from DUKE AND OCKENDEN, of Littlehampton and Arundel, West Sussex. Worth more than £500,000, the rigs are to be used on major water well drilling contracts in Nigeria. One is mounted on a MOL six-wheel drive truck, and the other on a Ford county tractor. Both machines are being supplied with spares and tools.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

CURRENCIES, MONEY and GOLD

Dollar retreats

Dollar weakened quite sharply in late European trading, possibly reflecting the failure of the Federal Reserve to intervene to drain funds from the New York money market. In recent days the authorities have reduced liquidity in the market, but the lack of intervention yesterday was seen as a possible move to allow rates to ease. Earlier in the day the U.S. currency was firm as Eurodollar rates rose.

Sterling was generally soft in response to continuing disquiet about the UK labour situation, but showed a late improvement as the dollar declined.

The Belgian franc was slightly firmer, but remained at the bottom of the European Monetary System. The D-mark replaced the lira as the second weakest member, while the guilder stayed in top place.

DOLLAR — Trade-weighted index (Bank of England) rose to 109.3 from 108.4 on Wednesday and 111.0 six months ago. Three-month Treasury bills 12.14 per cent (14.89 per cent six months ago). Annual inflation rate 9.6 per cent (10.2 per cent previous month)—The dollar rose to DM 2.3070 from DM 2.2925 against the D-mark; to FFr 5.8525 from FFr 5.8225 against the French franc; and to Y224.50 from Y224.25 in terms of the yen, but fell to SwFr 1.8540 from SwFr 1.8560 against the Swiss franc.

STERLING — Trade-weighted index 90.1, against 90.1 at noon, 90.0 in the morning, and 90.3 at the previous close (92.0 six months ago). Three-month interbank 15 3/8 per cent (13 7/8 per cent six months ago). Annual inflation 12 per cent (11.7 per cent previous month) — The pound opened at \$1.8580-1.8590 and fell to a low of \$1.8530-1.8540 in the afternoon, before rising to a peak of \$1.8640-1.8650 in late trading, and closing at \$1.8625-1.8635, a fall of 50 points on the day. Sterling continued to improve in New York after London closed.

D-MARK—EMS member (second weakest). Trade-weighted index 121.7 against 122.2 on Wednesday and 115.9 six months ago. Three-month interbank 10.525 per cent (12.975 per cent six months ago). Annual inflation 6.3 per cent (6.6 per cent previous month)—The D-mark fell against five of its EMS partners at the Frankfurt fixing, improving only against the Danish krone. The Bundesbank sold \$4.75m when the dollar was fixed at DM 2.3046, compared with DM 2.2809 previously.

DUTCH GUILDER—EMS member (strongest). Trade-weighted index 114.4 against 114.8 on Wednesday and 107.5 six months ago. Three-month interbank 10¾ per cent (12 per cent six months ago). Annual inflation 7.2 per cent (7.3 per cent previous month).—The guilder gained ground against three currencies in the EMS and weakened against the other three at the Amsterdam fixing but remained top of the system. The dollar rose to Fl 2.5245 from Fl 2.4995, and the Swiss franc to Fl 1.3515 from Fl 1.35085. Sterling fell to Fl 4.6880 from Fl 4.6890.

ITALIAN LIRA—EMS member (third weakest). Trade-weighted index 55.2 against 55.4 on Wednesday and 57.2 six months ago. Three-month interbank 21¼ per cent (28¼ per cent six months ago). Annual inflation 17.9 per cent (18.2 per cent previous month)—The lira improved against three other members of the EMS at the Milan fixing, fell against two and was unchanged against the top placed guilder.

THE POUND SPOT AND FORWARD

Jan 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8530-1.8650	1.8625-1.8635	0.28-0.18c pm	1.48	0.48-0.38 pm	0.82
Canada	2.2150-2.2260	2.2235-2.2245	0.10c pm-par	0.27	0.10 pm-0.10dis	—
Nethlnd.	4.68-4.71	4.69¾-4.70¾	2-1½c pm	4.46	5¾-4¾ pm	4.38
Belgium	72.60-73.10	72.95-73.05	10-30c dis	−3.29	70-100 dis	−4.68
Denmark	13.97-14.06	14.02½-14.03½	2¾-1¾ore pm	1.50	4¾-2¾ pm	1.0[illegible]
Ireland	1.2045-1.2130	1.2080-1.2110	0.21-0.34p dis	−2.73	0.78-1.00dis	−2.[illegible]
W. Ger.	4.27½-4.31	4.29½-4.30½	2-1½pf pm	4.88	5¾-4¾ pm	4.[illegible]
Portugal	123.50-124.75	124.20-124.50	35-165c dis	−9.65	110-400 dis	−8.[illegible]
Spain	183.25-185.50	185.15-185.35	15-40c dis	−1.78	50-85 dis	−1.48
Italy	2,293-2,303	2,301-2,303	10-13lire dis	−5.99	35-40 dis	−6.80
Norway	10.88-10.95	10.93-10.94	2½-1ore pm	1.71	5¼-4 pm	1.[illegible]
France	10.87-10.91	10.89½-10.90½	¼c pm-¼ dis	−0.27	1½-2½ dis	−0.73
Sweden	10.46-10.53	10.51-10.52	2¾-1⅞ ore pm	2.64	6¾-5¾ pm	2.40
Japan	416-422	418-419	3.35-3.00y pm	9.10	9.20-8.85 pm	8.[illegible]
Austria	29.95-30.20	30.15-30.20	15-11gro pm	5.17	41-34 pm	4.97
Switz.	3.45-3.49	3.45-3.46	2¼-1¾c pm	6.95	5¾-5¼ pm	6.37

Belgian rate is for convertible francs. Financial franc 81.45-81.55. Six-month forward dollar 0.45-0.35c pm. 12-month 0.55-0.40c pm.

THE DOLLAR SPOT AND FORWARD

Jan 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8530-1.8650	1.8625-1.8635	0.28-0.18c pm	1.48	0.48-0.38 pm	0.82
Ireland†	1.5320-1.5415	1.5320-1.5340	0.60-0.50c pm	4.28	1.60-1.40 pm	3.88
Canada	1.1935-1.1952	1.1947-1.1952	0.10-0.14c dis	−1.20	0.28-0.33dis	−1.02
Nethlnd.	2.5200-2.5340	2.5250-2.5280	0.70-0.60c pm	3.08	2.20-2.10 pm	3.46
Belgium	39.07-39.23	39.18-39.20	17-23c dis	−6.14	60-70 dis	−6.85
Denmark	7.5165-7.5500	7.5450-7.5500	0.15ore pm-0.10dis	0.04	par-0.50 dis	−0.1[illegible]
W. Ger.	2.3000-2.2175	2.3065-2.3075	0.68-0.63pf pm	3.41	2.25-2.20 pm	3.8[illegible]
Portugal	66.40-66.90	66.70-66.90	25-90c dis	−10.33	75-220 dis	−8.[illegible]
Spain	99.00-99.50	99.40-99.50	20-30c dis	−3.01	50-65 dis	−2.3[illegible]
Italy	1,232-1,236	1,235-1,236	6¾-7½lire dis	−6.92	22-24 dis	−7.44
Norway	5.8570-5.8850	5.8645-5.8675	0.25ore pm-0.15dis	0.10	1.20-0.80 pm	0.6[illegible]
France	5.8425-5.8775	5.8500-5.8550	0.75-0.90c dis	−1.68	2.80-3.10dis	−2.01
Sweden	5.6275-5.6480	5.6300-5.6320	0.50-0.30ore pm	0.85	2.25-2.00 pm	1.5[illegible]
Japan	224.25-225.75	224.45-224.55	1.50-1.35y pm	7.62	4.40-4.25 pm	7.71
Austria	16.10-16.21	16.20-16.21	6¼-4¾gro pm	4.07	16½-15½ pm	4.28
Switz.	1.8530-1.8690	1.8535-1.8545	0.88-0.78c pm	5.37	2.57-2.47 pm	5.44

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 14	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.1	−33.4
U.S. dollar	109.3	+2.5
Canadian dollar	88.7	−16.6
Austrian schilling	116.4	+24.6
Belgian franc	104.6	+7.8
Danish kroner	86.2	−11.0
Deutsche mark	121.7	+43.5
Swiss franc	151.5	+103.7
Guilder	114.4	+19.9
French franc	80.2	−14.8
Lira	55.2	−57.6
Yen	143.2	+37.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.615133	0.570[illegible]
U.S. $	12	1.15522	1.07021
Canadian $	14.74	1.37506	1.27375
Austria Sch.	6¾	18.4477	17.0912
Belgian F	14	44.8687	41.5546
Danish Kr.	11	8.59772	7.96[illegible]
D mark	7½	2.63494	2.44061
Guilder	9	2.89747	2.67285
French Fr.	9½	6.69219	6.19972
Lira	19	1411.68	1307.80
Yen	5½	257.845	238.817
Norwgn. Kr.	9	6.75575	6.25002
Spanish Pts.	8	113.484	105.127
Swedish Kr.	11	6.47616	5.99478
Swiss Fr.	6	2.13636	1.98049
Greek Dr'ch.	20½	—	62.4946

OTHER CURRENCIES

Jan. 14	£	$		£ Note Rates
Argentina Peso	18,510-18,530†	9,950-10,000†	Austria	29.85-30.15
Australia Dollar	1.6665-1.6675	0.8975-0.8980	Belgium	81.8[illegible]
Brazil Cruzeiro	240.20-241.20	129.32-129.97	Denmark	13.95-14.05
Finland Markka	8.227-8.246	4.4185-4.4205	France	10.84-10.94
Greek Drachma	107.958-111.242	58.85-59.05	Germany	4.26½-4.30½
Hong Kong Dollar	10.84½-10.86	5.8450-5.8550	Italy	[illegible]
Iran Rial	149.50*	79.30*	Japan	[illegible]
Kuwait Dinar(KD)	0.524-0.530	0.2836-0.2838	Netherlands	4.66½-4.70½
Luxembourg Fr.	72.95-73.05	39.18-39.20	Norway	10.85-10.95
Malaysia Dollar	4.1710-4.1810	2.2480-2.2530	Portugal	[illegible]
New Zealand Dlr.	2.2855-2.2895	1.2315-1.2325	Spain	183½-188½
Saudi Arab. Riyal	6.33-6.39	3.4190-3.4210	Sweden	10.44-10.54
Singapore Dollar	3.8145-3.8245	2.0560-2.0580	Switzerland	3.45½-3.49½
Sth. African Rand	1.8045-1.8060	0.9685-0.9695	United States	1.85-1.87
U.A.E. Dirham	6.80-6.86	3.6720-3.6740	Yugoslavia	86-93

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.4742	+1.76	+1.01	±1.5368
Danish Krone	7.91117	7.97958	+0.86	+0.11	±1.6412
German D-Mark	2.40989	2.44220	+1.34	+0.59	±1.1077
French Franc	6.17443	6.20033	+0.42	−0.33	±1.3733
Dutch Guilder	2.66382	2.67258	+0.33	−0.42	±1.5063
Irish Punt	0.684452	0.689463	+0.73	−0.02	±1.6688
Italian Lira	1300.67	1307.68	+0.54	+0.53	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for January 14 .... 0.569887

EXCHANGE CROSS RATES

Jan. 14	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.863	4.300	418.5	10.90	3.455	4.703	2302.	2.224	73.00
U.S. Dollar	0.537	1.	2.308	224.6	5.851	1.855	2.524	1236.	1.194	39.18
Deutschemark	0.233	0.433	1.	97.33	2.535	0.803	1.094	535.3	0.517	16.98
Japanese Yen 1,000	2.389	4.452	10.27	1000.	26.05	8.256	11.24	5501.	5.314	174.4
French Franc 10	0.917	1.709	3.945	383.9	10.	3.170	4.314	2112.	2.040	66.97
Swiss Franc	0.289	0.539	1.245	121.1	3.155	1.	1.361	666.3	0.644	21.13
Dutch Guilder	0.213	0.396	0.914	89.00	2.318	0.735	1.	489.5	0.473	15.52
Italian Lira, 1,000	0.434	0.809	1.868	181.8	4.735	1.501	2.043	1000.	0.966	31.71
Canadian Dollar	0.450	0.838	1.933	188.2	4.901	1.554	2.114	1035.	1.	32.82
Belgian Franc 100	1.370	2.552	5.890	573.3	14.93	4.733	6.442	3153.	3.047	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 14)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 5/16	offer 14 5/16	bid 15	offer 15 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅝-14¾	12⅝-12⅞	13½-14½	10¼-10⅝	3¾-4¼	10-10⅛	15-15¼	17-19	13-15	6-6¼
7 days' notice	14¾-14⅞	13-13¼	13½-14⅛	10¼-10½	3½-4	10⅛-10¼	15-15¼	19-21⅛	13-16	6-6⅛
Month	15 1/16-15 3/16	13⅜-13⅝	14⅝-15	10½-10⅝	8¼-8⅜	10¼-10⅜	15¼-15⅛	20-20⅞	15⅛-18⅛	6¼-6⅜
Three months	15⅜-15⅝	14⅛-14⅜	15⅛-15½	10⅝-10¾	9 1/16-8 15/16	10 9/16-10 11/16	16⅜-16⅝	21⅝-22¼	19¼-20¼	6½-6⅝
Six months	15 7/16-15 11/16	14⅞-15⅛	16⅛-16⅛	10¾-10⅞	8 13/16-8 11/16	10⅝-10⅛	17⅜-17⅝	22⅞-23⅛	19¾-20¾	6¾-6⅞
One Year	15⅝-15¾	15 1/16-14 15/16	16¼-16⅝	10 11/16-10 13/16	8 1/16-8 3/16	10 11/16-10 13/16	18¼-18½	23⅜-24¼	18⅝-19⅝	6¾-6⅞

SDR linked deposits: one month 12¼-12⅝ per cent; three months 12¾-13⅛ per cent; six months 13¼-13⅝ per cent; one year 13½-13⅞ per cent.
ECU linked deposits: one month 13¾-14 per cent; three months 14 5/16-14 7/16 per cent; six months 14 7/16-14 11/16 per cent; one year 14½-14⅞ per cent.
Asian \$ (closing rates in Singapore): one month 13 9/16-13 11/16 per cent; three months 14 5/16-14 7/16 per cent; six months 14⅞-15 per cent; one year 15⅛-15¼ per cent.
Long-term Eurodollar two years 15¼-15⅝ per cent; three years 15½-15¾ per cent; four years 15½-15¾ per cent; five years 15⅝-15⅞ per cent nominal closing rates.
The following rates were quoted for London dollar certificates of deposit: one month 13.30-13.40 per cent; three months 13.90-14.00 per cent; six months 14.80-14.90 per cent; one year 15.00-15.10.

MONEY MARKETS

Revised shortage

London clearing bank base lending rates 14½ per cent (since December 4)

Day to day credit was in short supply in the London money market yesterday. The Bank of England gave an early forecast of a shortage of £150m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills—£255m, offset by Exchequer transactions +£135m. The Bank gave assistance in the morning totalling £168m, buying £14m of local authority bills in band 1 (up to 14 days) at 14⅜ per cent and £35m of eligible bank bills at 14⅜ per cent and in band 2 (15-33 days) it bought £119m of eligible bank bills at 14⅜ per cent.

The shortage was revised at 2 pm to around £250m before taking into account the morning help and in the afternoon the Bank gave a further £150m of assistance, making a grand total of £318m. The afternoon help comprised purchases of £5m of eligible bank bills in band 1 at 14⅜ per cent and £145m of eligible bank bills in band 2 at 14⅜ per cent. However funds were not readily available later in the day and discount houses were paying up to 14½ per cent for secured call loans to square their books. In the interbank market overnight loans opened at 14⅜-14⅝ per cent and eased initially to 14½-14⅝ per cent before coming back to 14⅞-15 per cent. Rates then eased again to 13⅞-14 per cent but rose as the shortage remained to 15½-16 per cent and finished at 20-25 per cent. Longer term rates were slightly firmer with some of the rise possibly attributable to unfavourable U.S. money supply figures expected today.

In Frankfurt the Bundesbank offered rediscount facilites on commercial bills over a period of 10 days at 10 per cent. This was taken by the market as a clear sign that the Bundesbank wishes to see domestic rates easier. Consequently call money fell to 10.20-10.25 per cent down from 10.5 per cent on Wednesday and a special Lombard rate of 10.5 per cent. The special Lombard facility outstanding rose to DM 1.2bn on Wednesday from DM 800m on Tuesday. In the interbank market longer term rates were slightly higher, with one-month money at 10.70 per cent compared with 10.675 per cent and three-month at 10.60 per cent against 10.525 per cent.

In Paris call money was fixed at 15⅛ per cent down from 15¼ per cent on Wednesday and equal to the rate on December 22, the lowest since May last year.

GOLD

Late recovery

Gold fell \$4½ to \$375½-376½, the lowest level since November 1979, in the London bullion market yesterday. This was the highest level of the day however, with the metal opening at \$374½-375½, and falling to a low of \$369½-370½. It was fixed at \$371 in the morning and \$374.75 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 70,600 per kilo (\$375.10 per oz) in the afternoon, and FFr 71,250 (\$378.57) in the morning, and FFr 72,500 (\$389.25) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,620 per kilo (\$372.97 per oz), compared with DM 28,450 (\$387.97) previously, and closed at \$375-376 against \$379½-380½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of \$372, compared with \$388.25.

In Zurich gold closed at \$375-378, against \$379-382.

	Jan. 14		Jan. 13	
Gold Bullion (fine ounce)				
Close	\$375½-376½	(£202¼-202¾)	\$380-381	(£202⅛-203)
Opening	\$374½-375½	(£201¼-201¾)	\$388¼-389¼	(£207-207½)
Morning fixing	\$371	(£199.246)	\$387	(£206.070)
Afternoon fixing	\$374.75	(£201.695)	\$380	(£202.311)
Gold Coins				
Krugerrand	\$390-391	(£210-210½)	\$391½-392½	(£208¾-209¼)
1/2 Krugerrand	\$201-202	(£108¼-108¾)	\$201½-202½	(£107½-108)
1/4 Krugerrand	\$102-103	(£54¾-55½)	\$102½-103½	(£54¾-55¼)
1/10 Krugerrand	\$41-42	(£22-22½)	\$42-43	(£22¼-23)
Mapleleaf	\$391-392	(£210½-211)	\$392½-393½	(£209¼-209¾)
New Sovereigns	\$92½-93½	(£49¾-50¼)	\$93¼-93¾	(£49¾-50)
King Sovereigns	\$104½-105½	(£56¼-56¾)	\$110½-111½	(£59-59½)
Victoria Sovs.	\$104½-105½	(£56¼-56¾)	\$110½-111½	(£59-59½)
French 20s	\$93-103	(£50-55½)	\$94-104	(£50-55½)
50 pesos Mexico	\$467-470	(£251¼-253)	\$471-474	(£251-252¾)
100 Cor. Austria	\$368-371	(£198-199¾)	\$371-374	(£197¾-199¼)
\$20 Eagles	\$500-505	(£269-271¾)	—	—

MONEY RATES

NEW YORK

Prime rate	15¾
Fed. funds	12⅝-12⅞
Treasury bills (13-week)	12.14
Treasury bills (26-week)	12.94

GERMANY

Special Lombard	10.50
Overnight rate	10.225
One month	10.70
Three months	10.60
Six months	10.575

FRANCE

Intervention rate	14.75
Overnight rate	15.125
One month	15.1875
Three months	15.1875
Six months	15.25

JAPAN

Discount rate	5.50
Call (unconditional)	6.65625
Bill discount (three-month)	6.53125

LONDON MONEY RATES

Jan. 14 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13¾-25	14⅜-14½	—	—	14¼-14¾	14-14	—	—	—
2 days notice	—	—	14⅝-14¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅝-14⅞	14¾	—	—	—	—	—	—	—
One month	15 1/16-15 1/16	15⅛-15¼	15⅛	—	—	14⅞-15⅛	14¼-14½	—	—	—
Two months	15⅝-15¼	15 1/16-15½	—	16¼-15⅞	15⅛	15⅜-15½	14⅛	14⅜-14½	14½	15⅝
Three months	15⅝-15 9/16	15½-15⅝	15⅝	16¼-15⅞	15⅜	15¾	14½	14½	14½	15⅜
Six months	15½-15⅜	15½-15 11/16	15¼	16⅛-15¾	15⅛	15⅞	14⅛	14⅜-14⅝	14⅝	15⅜
Nine months	15⅛-15⅜	[illegible]	[illegible]	15-14¾	15⅝	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15½ per cent; four years 15¾ per cent; five years 15¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅝-14¾ per cent; four-month trade bills 15⅝ per cent.

Approximate selling rate for one-month Treasury bills 14 13/32-14½ per cent; two months 14⅝ per cent; three months 14 13/32 per cent. Approximate selling rate for one-month bank bills 14⅝-14¾ per cent; two months 14⅝ per cent; three months 14⅝ per cent; one-month trade bills 15¼ per cent; two months 15⅜ per cent; three months 15⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 12¼-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.6701 per cent.

The growing power of the Kuwait Investment Office

By Ray Maughan

THE "Halliday Simpson" affair has brought one of the City's most powerful—and secretive—investment institutions under the spotlight.

The Stock Exchange's investigative committee last week delivered its report on the tangled *share dealings of Halliday* Simpson, a Manchester firm of stockbrokers which was *suspended from trading* last July. The report has yet to be made public, but is understood to *have linked the Kuwait Invest*ment Office (KIO)—and its senior investment manager Mr Bruce Dawson—with some of these transactions.

The KIO has made no comment on these allegations.

The KIO's share dealing operations in London are highly secretive, very centralised and, above all, conducted on a massive scale. Its disclosable holdings have very roughly doubled over the last 4½ years, and this foreign investment arm of the Kuwait Finance Ministry now wields enormous power in the UK investment community.

As the *accompanying* table shows, the value of the KIO's disclosable investments at the *beginning of this week stood* at £441m. Information about the KIO's enormous investment wealth came to light in the early summer of 1977 when all investors were required to disclose any stake of 5 per cent or more in a quoted company.

As a result, it emerged that *the Kuwaitis, having invested* in the London stock market since the mid-1950s, probably held *shares worth some £200m.* But that figure, like our current calculation, represents only the *KIO's stakes which are disclosed* by law. There is no requirement to reveal details of any *holding under 5 per cent.*

In some circumstances, a company secretary can identify the ownership of such smaller stakes by learning to interpret the identities behind some of the widely used nominee companies. In the KIO's case, the Bank of England has permitted the investment office to use two nominee companies for investment purposes.

This is a straightforward banking facility granted by all banks to valued customers and the accommodation given by the Old Lady's banking department to a sovereign state is by no means unusual. It means that the full value of the KIO's stock market investment is considerably *understated* by the £441m portfolio estimate.

Throughout much of the past decade, the KIO has kept a very low profile, confining itself principally to investments in the financial sector and, frequently, showing a preference for Charlotte Square, Edinburgh, to London's financial community.

The KIO, run by Mr Dawson, Mr David Buchanan—who, like Dawson is a Scottish-trained accountant—and former W. Greenwell bank sector salesman, Mr Peter Defty, rarely attends investment panels run for companies, almost never uses its votes or proxies and is said to have shunned the usual round of company visits.

The managers established themselves not only as shrewd, if secretive, investors but one of the most important sources of commission income in the City. One broker estimates that, after the Prudential, the KIO is the second most important generator of equity commission income in London. Some brokers speculate that a firm on the KIO's short list of brokers with which it deals could earn as much as £¾m annually from this source.

More recently, the KIO has been taking a rather more active role in the UK takeover scene. One of the first, and most dramatic, forays in this direction was the KIO's role in Trusthouse-Forte's dogged though finally abortive attempt to prise the Savoy out from under its complicated web of protective non-voting and voting holdings. The KIO built up a 30 per cent plus holding in the Savoy group which it openly pledged to Trusthouse Forte.

This approach had been foreshadowed by the sale of its 10 per cent stake in Decca to Racal during the bitter bid battle which raged through much of the first half of 1980. Given that Racal fought a leapfrogging fight against GEC, its powerful counter-bidder, the KIO decision to lodge its shares behind one side rather than the other had a *significant* bearing on one of the stock market's most important bids that year.

The KIO is still thought to hold a big line of Racal's equity.

Its dealings in the property market have been *rather more* open. As the table reveals, the KIO has disclosed stakes in two of the larger property companies *on the stock* market, Slough Estates and Stock Conversion, but it already owns a couple of big property companies outright.

Perhaps the first firm indication of the KIO's ability to invest Kuwait's oil surpluses came in 1974 when it beat Commercial Union for the hand of St Martin's Property Corporation in a deal eventually worth £107m. That provided a springboard to a progressive build-up of property assets which, 18 months ago, it complemented by a £54m bid for the outstanding two-thirds stake in the Proprietors of Hay's Wharf.

Again, the KIO had already exerted an influence on the ownership of Hay's Wharf by voting its 34.5 per cent holding against a £22m bid *from* Ocean Transport and Trading three years earlier.

The state of Kuwait has been an active investor around the *world.* One of its most ambitious exploits was a near £1bn bid—firmly rejected—for a 14.6 per cent stake in Getty Oil. On an even larger scale the Kuwait Petroleum Corporation last month completed a $2.5bn takeover of Santa Fe International, the contract drilling and energy *group,* which adds to Kuwait's other investments in the Americas. These include a 10 per cent *stake* in Volkswagen do Brasil, which cost $115m, and full control of Great *Western* Bank *and Trust* in Phoenix, Arizona, for which it paid $40m.

The KIO holdings in West Germany take in 25 per cent of the steel group, Korf-Stahl, 10 per cent of Metallgesellschaft and 14 per cent of Daimler Benz AG.

In Britain, its investments seem set to grow apace. Recent deals have enlarged KIO holdings in the financial sector with purchases of shares in the *discount* house, Gerrard and National, and further tranches of Bank of Scotland and the *Royal Bank of* Scotland shares.

It is also raising its holdings in manufacturing industry including *investments* in the Scottish textile group, Dawson International, Coats Patons and Powell Duffryn, the *shipping,* storage and fuel distribution group. Unusually, it bought a controlling stake in an electronics company, Transaction Security, from Finance for Industry in the middle of the week.

However, the existence of the Committee's report, mentioning Mr Dawson purely in a personal capacity, is an obvious embarrassment and full details are not expected for a further four *months.*

KUWAIT INVESTMENT OFFICE STAKES IN BRITISH COMPANIES

(Holdings of more than 5% of equity)

Company	Percentage holding	Value (£000)
Aberdeen Construction Group	7.6	1,576
Allnatt London Properties	5.6	4,346
Anderson Strathclyde	7.8	3,401
Bank of Scotland	9.0	15,309
BBA Group	7.8	1,615
Birmid Qualcast	6.0	910
Bridon	5.6	2,160
Burmah Oil	5.93	9,986
Caledonia Investments	8.92	4,631
Capital & Counties	6.42	5,611
Cawoods Holdings	8.1	7,817
Chubb	10.9	6,747
Coats *Patons*	5.02	8,469
Commercial Union	5.29	27,397
Dawson International	5.3	5,966
English & Scottish Investors	11.02	2,930

Company	Percentage holding	Value (£000)
Equity & Law Life Assurance Society	7.13	5,405
General Accident Fire and Life Assurance Corporation	9.1	46,010
Gerrard & National	5.6	2,044
Glasgow Stockholders Trust	7.85	1,288
Guardian Royal Exchange	5.91	26,571
Hambros Investment Trust	7.3	3,424
Harrisons & Crosfield	9.98	44,421
Hickson & Welch	8.7	3,663
Hogg Robinson Group	7.7	7,584
Howden (Alexander) Group	7.8	9,173
Jessel, Toynbee	8.5	650
Lake View Investment Trust	6.14	3,942
Laporte Industries (Holdings)	5.5	4,043
Legal & General Group	6.2	19,220
London & Manchester Assurance	5.015	2,828
London & Montrose Investment Trust	6.6	1,489

Company	Percentage holding	Value (£000)
London & Provincial Trust	8.5	3,596
McKechnie Brothers	5.1	2,377
Mowlem (John)	9.1	3,203
Muirhead	7.7	718
Pentland Investment Trust	8.63	2,287
Powell Duffryn	5.44	3,992
Property Holding & Investment Trust	8.9	5,055
Romney Trust	8.1	2,827
Royal Bank of Scotland Group	8.04	34,942
Royal Insurance	5.7	35,779
Scottish Ontario Investment	14.6	3,206
Slough Estates	5.1	8,910
Sterling Trust	6.68	2,198
Stock Conversion and Investment Trust	7.78	13,148
Trusthouse Forte	5.1	23,858
Union Discount Co. of London	10.45	4,211
	Total	440,933

Research by John Shepherd

Sources: Stock Exchange Weekly Official Intelligence, Extel, Crawford's Directory of City Connections

BASE LENDING RATES

A.B.N. Bank	14½%	Robert Fraser	15 %
Allied Irish Bank	14½%	Grindlays Bank	†14½%
American Express Bk.	14½%	■ Guinness Mahon	14½%
Amro Bank	14½%	■ Hambros Bank	14½%
Henry Ansbacher	14½%	Heritable & Gen. Trust	14½%
Arbuthnot *Latham*	14½%	■ *Hill Samuel*	§14½%
Associates Cap. Corp.	15 %	C. Hoare & Co.	†14½%
Banco de Bilbao	14½%	Hongkong & Shanghai	14½%
BCCI	14½%	Knowsley & Co. Ltd.	15 %
Bank Hapoalim BM	14½%	Lloyds Bank	14½%
Bank Leumi (UK) plc	14½%	Mallinhall Limited	14½%
Bank of Cyprus	14½%	Edward Manson & Co.	15½%
Bank Street Sec. Ltd.	16 %	Midland Bank	14½%
Bank of N.S.W.	14½%	■ Samuel Montagu	14½%
Banque Belge Ltd.	14½%	■ Morgan Grenfell	14½%
Banque du Rhone et de la Tamise S.A.	15 %	National Westminster	14½%
Barclays Bank	14½%	Norwich General Trust	14½%
Beneficial Trust Ltd.	15½%	P. S. Refson & Co.	14½%
Bremar Holdings Ltd.	15½%	Roxburghe Guarantee	15 %
Bristol & West Invest.	16 %	E. S. Schwab	14½%
Brit. Bank *of Mid. East*	14½%	Slavenburg's Bank	14½%
■ Brown Shipley	15 %	*Standard Chartered*	‖14½%
Canada Perm't Trust	15 %	Trade Dev. Bank	14½%
Cavendish G'ty T'st Ltd.	15½%	Trustee Savings Bank	14½%
Cayzer Ltd.	15 %	TCB Ltd.	14½%
Cedar Holdings	15 %	United Bank of Kuwait	14½%
■ Charterhouse Japhet	15 %	Whiteaway Laidlaw	15 %
Choulartons	15 %	Williams & Glyn's	14½%
Citibank Savings	¶15 %	Wintrust Secs. Ltd.	14½%
Clydesdale Bank	14½%	Yorkshire Bank	14½%
C. E. Coates	15 %		
Consolidated Credits	14½%		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses *Committee.*

* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000 12 months 15.10%.

† *7-day deposits on sums of £10,000* and under 12½%, up to £50,000 13%, and over £50,000 13¼%.

‡ Call deposits £1,000 and over 12¼%.

§ Demand deposits 12½%.

‖ 21-day deposits over £1,000 13½%.

¶ Mortgage base rate.

WORLD STOCK MARKETS

Modest early Wall St rally

STOCKS WERE mixed at mid-session in moderate trading as bargain hunting began to offer the market some support after a three-day slide.

The Dow Jones Industrial Average opened slightly lower, improved to nearly three points ahead by midday, and at 1 pm was up 1.61 at 840.56. Declines narrowly led advances on volume of 31.5m shares. The NYSE All Common Index was 7c up at $66.70.

The market's strength was concentrated in Blue Chip stocks, indicating that individual investors were shying away from the market.

IBM and ATT, two of the more important components of the D-J average, were up slightly after losing ground on Wednesday. ATT rose ¼ to $59¾ and IBM ⅜ to $57¾. The Justice Department ended anti-trust lawsuits against both companies on Friday.

Gainers on the active list included Bucyrus-Erie, up $3 to $20½, Campbell Soup 1⅞ to $32¾ and Great Western Financial ⅞ to $11⅝. Great Western reported a fourth-quarter loss but said its margins improved during the period.

Northwest Industries added $1⅞ at $73⅞. It plans to buy back 5m shares at $75 each and said it would gain $4.80 a share from the sale of its beverages division to Beatrice Foods.

Amax dropped $1¼ to $39, adding to its $3⅝ drop on Wednesday. Former chairman Ian MacGregor reportedly sold a large share of his stake in Amax.

THE AMERICAN SE Market Value Index was 0.14 off at 291.26.

Canada

Prices were slightly lower at mid-session. The Composite Index was 0.4 down at 1,799.9.

Eight of the 14 indices were lower, with Real Estate o: 159.0 at 6,008.8, Paper and Forestry down 7.3 to 1,709.9, Oil and Gas advancing 19.7 to 3,292.7, Golds up 9.9 to 2,414.0 and Metals up 8.1 to 1,671.4.

Hudson's Bay Oil, whose shareholders voted on Wednesday in favour of a merger with Dome, rose ⅛ to C$50⅛ in active trading. Also in active trading, Dome rose ⅛ to C$12⅛.

Closing North American prices were not available for this edition.

Tokyo

Share prices rose over a broad front, with sentiment encouraged by revived foreign purchases of Steel issues.

The market had opened lower in response to the continued fall in Wall Street, but then turned higher and the market average gained 31.36 points to close at 7,667.02 on volume of 360m shares. The Tokyo Stock Exchange index rose 4.05 points to 568.27.

Trading was active in the morning but slowed towards the end of the session ahead of today's national holiday and a regular third Saturday close.

Trading in Nippon Steel was the day's largest at about 28m shares, and other Steels ranked among the day's most active stocks. Nippon and Kawasaki Steel gained Y6 each, Nippon Koban Y7 and Sumitomo Metal Y15.

Heavy Electricals followed Steels up. Toshiba and Hitachi each put on Y16 to Y372 and Y671 respectively.

Blue Chips continued Wednesday's advance. Pioneer climbed Y60 to Y1,820, and Matsushita Electrical Industrial and Fuji Photo Film rose Y20 each to Y1,170 and Y1,300. But Sony slipped Y90 to Y3,700 after a poor showing on Wall Street.

Penta-Ocean and other Dredging stocks, which gained strength on Wednesday on rumours of Japanese assistance in expanding the Suez Canal, faced profit-taking.

Australia

The market dropped sharply amid anxious selling of key Resource companies and Banks.

The All Ordinaries index fell 10 points to 558.2 and is now less than 13 points above its lowest level for nearly two years, reached last October.

Metal, Coal and Banking stocks bore the brunt of selling from investors worried about the level of Australian interest rates, the current setbacks on Wall Street and the declining price of gold.

Market leader BHP was one of the worst hit. It sank 36 cents to A$9.48, its lowest price in more than two years. CSR slipped 10 cents to A$3.70.

In Gold issues, Central Norseman lost 20 cents at A$5.80, RGC 40 cents at A$4.40, Poseidon 15 cents at A$2.30 and GMK 20 cents at A$5.30. Among other Metals, MIM slid 12 cents to A$2.93 and WMC 13 cents to A$3.65, but CRA held its ground at A$2.60.

Traders continued to erode the price of Woodside shares, which fell 10 cents to A$1.

Banks also fared badly. ANZ fell 12 cents to A$5.44, National slid 5 cents to A$2.70 and Bank of NSW fell 6 cents to A$2.86.

Similar declines were noted in trading on the Melbourne market, with falls outnumbering gains 142 to 33.

Germany

Most prices closed lower in small turnover as the sharp falls on the domestic bond market and Wall Street deterred investors.

As the Commerzbank Index fell 3.7 to 670.9, Commerzbank itself shed DM 1.50 to DM 129, Deutsche Bank DM 2.50 to DM 269.10 and Dresdner DM 1.20 to DM 132. Among Motors, VW fell DM 2.20 to DM 129, BMW DM 1.40 to DM 189.60 and Daimler DM 1 to DM 278.50.

In Electricals, BBC was weak, falling DM 9 to DM 201. In Chemicals, Hoechst came under renewed pressure from its 1-for-10 rights issue and closed DM 2.20 down at DM 114.30.

GHH led Engineerings down DM 3.80 to DM 209.20.

Thyssen lost DM 1 in Steels to DM 72.30 and Hoesch DM 0.50 to DM 22.10, while in mixed Stores Kaufhof rose DM 1 to DM 139 and Karstadt DM 0.50 to DM 185.50.

Heavy selling was noted on the domestic bond market.

The Bundesbank bought DM 106.4m of paper. Mark Eurobonds were also weaker.

Paris

Share prices were mostly steady in quiet trading after moving higher earlier in the session.

Oils saw profit-taking after recent losses while Banks, Portfolios, Stores, Engineerings and Metals were steady. Foods, Constructions, Electricals and Chemicals were mixed, and Transports rose.

Dealers said the fall yesterday morning in the French call money rate from 15¼ per cent to 15⅛ per cent had no apparent effect on sentiment.

In Oils, Elf Aquitaine fell FFr 5.9 to FFr 162.0, Esso FFr 4 to FFr 213 and CFP FFr 5.5 to FFr 131.0.

Creusot Loire rose FFr 3 to FFr 57.5 but Air Liquide fell FFr 8 to FFr 461.

In Foreign stocks, Americans, Gold and Metals fell markedly while Germans and Dutch were firm. Japanese and Oils were mixed.

Johannesburg

Gold shares closed easier on the day but dealers noted some support at the lower levels on both local and London interest in the afternoon session.

Towards the close of the 44 Golds stocks which traded, 35 were lower and three were higher. De Beers in Diamonds ended 7c off the day's low, down 15 cents at R 8.45, while in steady Mining Financials, Anglos lost 5c at R15.50, although Goldfields was a weak spot, falling R2.25 to R38.

Platinums tended easier, while Industrials after a steady opening moved easier towards the close, with selective Blue chips showing light losses.

NEW YORK

Stock	Jan. 13	Jan. 12	Stock	Jan. 13	Jan. 12	Stock	Jan. 13	Jan. 12
Cincinnati Mil.	24⅞	24⅞	Georgia Pac.	18½	18⅞	McGraw Edison	30½	
Citicorp	23⅝	24⅝	Geosource	39½	39¾	McGraw-Hill	45⅜	
Cities Service	38⅛	39⅛	Gerbes Prod.	27⅝	25¾	McLeanTrukg	7¼	
City Invest	22	32½	Getty Oil	55¼	57¼	Mead	21⅞	
Clark Equipment	26¾	26¾	Giddings Lewis	20	20	Media Genl.	35	
Cleve Cliffs Iron	29½	29¾	Gillette	32¾	33⅛	Medtronic	36⅛	36⅛
Coro X	10⅞	11¼	Global Marine	18⅜	18⅞	Mellon Natl.	35⅝	36¼
Cluett Peaby	14¼	14¼	Goodrich (BF)	19⅞	20⅛	Melville	37¾	38⅛
CocaCola	35⅝	35¾	Goodyear Tire	18⅝	18¾	Mercantile Sts.	55¼	54⅞
Colgate Palm	16⅜	16⅛	Gould	21¼	21⅛	Merck	80⅜	81½
Collins Aikman	11⅛	11⅜	Grace	40¾	42⅛	Meredith	58¼	61⅜
Colt Inds.	23⅝	24¼	Grainger (WW)	36½	37	Merrill Lynch	31½	38¼

Stock	Jan. 13	Jan. 12	Stock	Jan. 13	Jan. 12
St. Paul Cos.	48⅝	48¾	Woolworth	17½	18⅛
St. Regis Paper	29⅛	39⅛	Wrigley	34¼	34⅜
Sante Fe Inds.	18⅝	18½	Wyly	8	8½
Saul Invest	7½	7	Xerox	38	38¾
Saxon Inds.	4⅝	4⅛	Yellow Frt Sys.	15⅛	15¼
Schering Plough	27¾	28	Zapata	26½	27
			Zenith Radio	11⅛	11¼

Indices

NEW YORK —DOW JONES

	Jan. 13	Jan. 12	Jan. 11	Jan. 8	Jan. 7	Jan. 6	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	838.95	847.70	860.46	866.56	861.78	861.02	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	56.66	56.75	56.80	57.25	56.91	57.18	65.78 (15/1/81)	54.88 (1/10)	—	—
Transport.	346.09	352.70	355.85	368.67	368.46	370.46	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	105.61	104.87	105.64	107.68	107.57	108.12	117.81 (6/1/81)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	48,150	49,880	51,900	42,050	43,410	51,510	—	—	—	—

♦Day's high 855.31. low 835.14.

Ind. div. yield %	Jan. 8	Dec. 31	Dec. 24	Year ago (approx
	6.38	6.32	6.35	5.61

STANDARD AND POORS

	Jan. 13	Jan. 12	Jan. 11	Jan. 8	Jan. 7	Jan. 6	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	128.42	129.97	130.51	133.56	132.95	133.16	157.02 (6/1/81)	125.93 (25/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	114.88	116.30	116.78	119.55	118.93	118.18	138.12 (6/1/81)	112.77 (25/9)	140.52 (28/11/80)	4.402 (1/6/32)

	Jan. 6	Dec. 30	Dec. 23	Year ago (approx
Ind. div. yield %	5.50	5.35	5.35	4.39
Ind. P/E Ratio	8.04	8.26	8.24	9.52
Long Gov. Bond yield	14.15	13.71	13.60	11.52

NY. S.E. ALL COMMON

Jan. 13	Jan. 12	Jan. 11	Jan. 8	1981-82 High	1981-82 Low
66.63	67.45	67.76	69.36	79.14 (6/1)	64.96 (25/9)

Rises and Falls	Jan. 13	Jan. 12	Jan. 11
Issues Traded	1,887	1,868	1,811
Rises	389	465	240
Falls	1,096	1,036	1,331
Unchanged	382	366	240
New Highs	7	6	10
New Lows	114	121	84

MONTREAL	Jan. 13	Jan. 12	Jan. 11	Jan. 8	1981-82 High	1981-82 Low
Industrials	312.78	316.85	319.76	325.22	409.56 (27/5)	310.21 (25/8)
Combined	297.28	301.38	304.46	308.94	376.28 (15/6)	295.37 (25/9)
TORONTO Composite	1,801.0	1833.4	1858.8	1892.7	2578.5 (10/4)	1,801.0 13/1/82

	Jan. 14	Jan. 13	Jan. 12	Jan. 11	1981-82 High	1981-82 Low
AUSTRALIA All Ord. (1/1/80)	558.2	568.2	569.3	575.5	737.3 (8/4)	545.8 (29/10)
Metal & Minls. (1/1/80)	388.8	399.5	399.4	409.2	735.2 (7/1/81)	388.8 (15/1/82)
AUSTRIA Credit Aktien (2/1/62)	55.45	55.40	55.54	55.56	68.45 (5/1/81)	53.84 (15/10)
BELGIUM Belgian SE (31/12/63)	87.27	87.65	87.10	86.98	98.48 (5/1/82)	88.53 (18/8)
DENMARK Copenhagen SE (1/1/73)	122.91	122.56	121.91	121.08	125.36 (17/12)	85.88 (2/1/81)
FRANCE CAC General (29/12/61)	84.2	84.2	83.8	82.9	112.5 (17/3)	77.3 (15/8)
Ind Tendance (31/12/81)	106.5	105.6	104.1	104.0	105.6 (15/1/82)	97.7 (4/1/82)
GERMANY FAZ-Aktien (31/12/58)	219.58	221.12	219.97	222.85	245.47 (5/7)	215.88 (9/2)
Commerzbank(Dec1953)	670.9	674.6	678.6	680.6	749.0 (5/7)	666.4 (15/2)
HOLLAND: ANP-CBS General (1970)	84.9	84.8	84.7	85.3	96.5 (20/8)	78.5 (28/9)
ANP-CBS, Indust (1970)	65.3	65.1	64.6	64.5	76.4 (22/6)	61.4 (22/12)
HONG KONG Hang Seng Bank (31/7/64)	1388.82	1425.57	1446.32	1456.57	1810.20 (17/7)	1115.77 (5/10)
ITALY Banca Comm Ital. (1972)	184.75	191.45	181.67	186.25	222.05 (5/6)	165.44 (24/7)
JAPAN** Dow Average (16/5/49)	7667.02	7635.66	7631.77	7676.26	8019.14 (17/8)	6956.52 (15/8)
Tokyo New SE (4/1/68)	568.27	564.22	563.45	565.80	603.82 (17/8)	495.79 (5/1/81)
NORWAY Oslo SE (1/1/72)	124.57	124.72	125.82	124.88	146.72 (6/8)	110.54 (5/8)
SINGAPORE Straits Times (1966)	764.65	776.44	788.75	801.75	973.28 (28/6)	615.28 (1/8)
SOUTH AFRICA Gold (1958)	(u)	554.6	550.8	558.0	797.8 (7/1/81)	475.6 (8/7)
Industrial (1958)	(u)	708.1	709.8	718.2	711.7 (6/1/82)	537.2 (5/2)
SPAIN Madrid SE (30/12/81)	102.50	101.66	101.56	(c)	101.66 (13/1/82)	99.17 (6/1/82)
SWEDEN Jacobson & P. (1/1/58)	648.85	642.75	657.25	655.32	668.31 (10/8)	484.17 (29/1/81)
SWITZERLAND Swiss BankCpn. (31/12/58)	260.7	261.8	261.8	266.1	304.2 (2/4)	242.9 (17/11)
WORLD Capital Intl. (1/1/70)	(u)	139.9	140.7	141.6	162.8 (6/1/81)	133.6 (28/9)

(**) Sat Jan 9: Japan Dow 7,635.86 TSE 563.33.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Am. Tel. & Tel.	1,154,700	59⅛	−½	Superior Oil	549,900	32⅛	+⅛
IBM	914,400	57⅜	−¾	Std. Oil Indiana	499,500	45⅞	−½
Permian	762,100	10¾	−⅛	Warner Comm.	487,200	54½	+⅞
F W Woolworth	699,900	17½	−⅛	Amax	455,900	40⅛	−3⅝
Exxon	556,400	30¾	+¼	RCA	451,600	16⅜	−⅛

CANADA

Stock	Jan. 13	Jan. 12
AMCA Intl.	22¼	22½
Abitibi	21	20
Agnico Eagle	6¼	6¼
Alcan Alumin.	24⅝	24⅝
Algoma Steel	42	42¼

BELGIUM (continued)

Jan. 14	Price Frs.	+ or −
Petrofina	4,400	−25
Royale Belge	4,650	−5
Soc. Gen. Banq.	2,190	−10
Soc. Gen. Belge	1,106	−4
Sofina	3,175	−5

HOLLAND

Jan. 14	Price Fls.	+ or −
ACF Holding	75	+2
Ahold	61	−1
AKZO	25	+0.4
ABN	291	+4
AMEV	84.4	+0.2

AUSTRALIA

Jan. 14	Price Aust. $	+ or −
ANZ Group	5.44	−0.12
Acrow Aust.	1.5	
Ampol Pet.	1.65	−0.02
Assoc. Pulp Pap	1.73	+0.01
Audimco	0.10	
Aust. Cons. Ind.	1.68	+0.01

JAPAN (continued)

Jan. 14	Price Yen	+ or −
Kubota	341	−1
Kumgaal	371	+1
Kyoto Ceramic	3,820	−10
Lion	388	−2
Maeda Cons.	519	+7
Makita	867	−1

Brazil halts orange juice exports

RIO DE JANEIRO—Brazil has suspended orange juice export registrations until more is known on the extent of frost damage to the Florida orange crop, the foreign trade department of the Banco do Brasil, Cacex, said yesterday.

Registrations may be re-opened today, it said.

Orange juice exporters met in Rio de Janeiro yesterday to assess the effects of the frost which hit the Florida citrus belt last Monday night, but no news of the result of the meeting was immediately available.

Brazilian exporters took advantage of a similar freeze last year to sell off surplus stocks to the North American markets. Reuter

Israeli flower growers protest

By L. Daniel in Tel Aviv

ISRAEL'S 6,000 flower growers are pressing for an end to the competition between flower exporters which has reduced profitability to nil. They are also pressing for permission to charter foreign aircraft which, they claim, will drastically reduce transportation charges as compared with those charged by El Al, the national carrier.

The growers also want the government to link the exchange rate for the proceeds of their exports to the rise in the index of input costs (particularly fuel).

Meanwhile, the growers are distributing free of charge millions of flowers which they cannot profitably send abroad.

● The Guernsey States Committee for Horticulture has launched a Gold Crest quality scheme to help boost the quality and value of the island flower exports. In 1980 Guernsey exported 191m stems, worth nearly £12½m. In the first 10 months of last year exports reached £10½m, barely ½ per cent above the same period in 1980.

M6 CASH & CARRY/ AER PARR & SON

The Charterhouse Group subsidiary M6 Cash and Carry has agreed to acquire the ordinary share capital of AER Parr and Son, a large independent wholesale cash and carry operator with a 72,000 sq ft unit on the Pensnett trading estate, Brierley Hill, West Midlands.

In the year to June 30, 1981, AER Parr and Son made pre-tax profits of £71,000 on turnover of £14m. The value of the assets acquired is approximately £1m.

Britain to lead attack on French farm aid

BY LARRY KLINGER IN BRUSSELS

FRANCE'S controversial programme to grant its farmers an extra £500m in aid is increasingly in danger of becoming embroiled in the negotiations that begin next week to fix Community-wide producer prices for the coming marketing year.

The Mitterand government's plan will again come under strong criticism at next Tuesday's Council of Agriculture Ministers, with Britain leading the attack, supported in varying degrees by West Germany, Italy, Ireland and Greece.

The attack will be intensified in the knowledge that the European Commission had rejected France's written justification of the scheme.

The Commission has told Paris that its submission was so lacking in detail that no judgment on the scheme's legal status could be made, and Mr Poul Dalsager, the Agriculture Commissioner, is expected to inform Tuesday's Council meeting that he has instructed France to provide full details within a specified time.

France's practice of granting sizeable aid to its export-oriented farm industry in possible violation of EEC law has long been a contentious issue, but the timing of the latest package and changing political and economic circumstances in various other member-states threatens to make the issue an over-riding one.

Political considerations in various member-states are resulting i a gathering of forces against France, even in such countries as Italy and Ireland which are traditional allies of France on many agriculture issues.

Farmers of various nationalities are pressing their respective governments to match French policy, only to be told that their recession-hit national economies could not bear the cost.

On the other hand, there is a growing fear within the Commission that an aid free-for-all could still develop, thereby striking a serious blow to the foundations of the Common Agriculture Policy.

The opposition to French policy was summed up at last month's Council meeting by Mr Alick Buchanan-Smith, Britain's Minister of State for Agriculture who was represent ing the UK while Agriculture Minister Peter Walker was chairing the meeting as President of the Council.

He sai dhat, even if portions of the scheme proved to be legal under EEC rules, French policy raised "conseiderable questions of unfairness in EEC trade and even greater questions of principle."

France is likely to agree to provide full details but plead for time. The new package is indeed complex and is directed towards various farming sectors, especially the most hard-pressed of farmers, unlike the £400m across-the-boar pre-election aid package granted by the previous Government headed by M Valery Giscard d'Estaing.

In any case, the French argue that their latest measures do not comprise direct income aids contrary to EEC law.

However, some ministers will again press the Commission to exert the fullest of pressure on France, pointing out that it had declared portions of the Giscard package illegal only after it had virtually been paid and a new government elected.

Research station closure opposed

BY A CORRESPONDENT

THE AGRICULTURAL Research Council, when it meets on February 16, will face many protests against the proposal to close the Pomology Department and the cider, wine and fruit juice section of Long Ashton Research Station near Bristol.

The decision was taken without consulting any of the interests involved. The director, Professor J. M. Hirst, was in Rome when the meeting to discuss the future of his station was held, and first heard the news when the ARC statement was read to him over the telephone.

Long Ashton scientists question whether the ARC has taken into consideration the fact that the Pomology Division is not confined to apple research, in which it has led the world. It also includes a programme, the only one of its kind, to standardise the best selections from a range of hardy ornamental trees and shrubs and to produce virus-free stocks. This is a service to the nursery industry with a turnover of some £100m a year. Trials are at an advanced stage on the use of young willows for manufacture of wood pulp and on a machine to harvest them at one to three years' growth.

Only recently, the division was designated as the sole centre for strawberry breeding. It is working on new early and late varieties and some are nearly ready for release. These would extend the season and materially help the home industry, which is already worth £40m a year.

Long Ashton was founded 75 years ago and its first objective was to improve cider trees. This work has continued through the years. Without it the cider industry could hardly have survived. The station has produced virus-free scions of the main commercial apple, pear and plum varieties. These, grafted on to virus-free rootstocks in co-operation with East Malling Research Station, have produced the EMLA trees. Orchards planted with them show a vast improvement in yield and quality and are probably in advance of any overseas competitor.

Mutations from standard varieties produced by radiation after many years' selection have shown considerable improvements, including a compact Bramley and a self-fertile Cox apple. With the apple industry fighting for survival, ending this work would be a heavy blow.

The National Fruit and Cider Institute, the NFU, the University of Bristol, nurserymen and fruit growers are among those protesting, and an approach is planned to Mr Peter Walker, the Minister of Agriculture.

About 100 members of the scientific staff are threatened. Under the anticipated redundancy procedure, if the closure goes through, there will be compulsory retirement at 60, with many of those involved among the few experts in their field. Other redundancies would be spread, according to seniority over ARC employees at other research stations.

Danes cut wholesale bacon price

By Richard Mooney

SOME CUTS of bacon should be cheaper in the shops next week. ESS-Food, the marketing arm of the Danish bacon factories' export association, announced yesterday that it had reduced its wholesale price by £80 to £1,490 and the move has been followed by British producers. FMC, Britain's leading bacon curer, has reduced its first-hand price by £70 to £1,390 a tonne.

The Danish cut, equivalent to 3.6p a pound over a whole side, is the biggest it has ever made. Mr Svend Bernsen, managing director of ESS-Food (UK) commented: "Bacon sales have been going particularly well in recent months, but the market often tends to weaken in the first quarter of the year.

"We have therefore decided to provide a seasonal stimulus by making a really substantial price reduction now."

FMC said the current period was "always a sluggish time of the year." Recently there has been a sharp fall in gammon demand and the biggest price cuts are expected in this sector. The market for rashers has been quite strong and prices are not expected to change significantly.

Aluminium smelter plan considered

PERTH — The Aluminium Company of America (ALCOA) and Korea's International Construction Company are considering building an aluminium smelter and associated power station in Western Australia, state premier Mr Charles Court said yesterday.

Mr Court said the smelter will start production at 210,000 tonnes of aluminium a year in 1986.

The 600 Mw power station wil be built, operated and owned by the Korean company and supply about 380 Mws to Alcoa and the rest to the State electricity grid.

Agreement in principle has been reached on the scheme and a feasibility study will start alpmost immediately, Mr Court said. Construction is expected to start early in 1983. Reuter

FARMER'S VIEWPOINT

Lessons for aspiring young farmers

WHEN I LEFT school over 50 years ago and determined to be a farmer the odds, I was told were heavily against my succeeding. Not only was the world slump beginning and prices falling, but farms were not easy for an outsider to take.

I emigrated for a few years and when I came back things had reached such a pass that landlords were persuading farmers to rent their farms. But, because of the circumstances of the day, arable farms were at a discount and others not much better.

Even so all the wise men were saying that only fools would take on where experienced men were going bankrupt. That period, 1933 to 1935, was, if we had only realised it at the time, the golden age of farming opportunity. Most of Hampshire could have been bought for about £10 an acre, the problem was finding enough cash to buy more than a small holding.

After 1935 things began to get a bit better and the farm market tightened up. Even so it was possible to buy land at an economic price right through to the early sixties. That is, at a price which would allow the farmer to pay interest charges on the money spent and show a profit.

Since then entry or expansion into farming has been very difficult. Land has been bought for other reasons than its farming value, particularly as a hedge against inflation, for long-term capital gain and because it has been the fashionable thing to do. At the same time the number of farms to let has shrunk, partly through legislation which allows tenancy succession but mainly because at rents paid up to now farming has been profitable. No one wishes to give up a profitable way of life, and in addition the number of tenant farmers is reducing. From 90 per cent at the turn of the century to about 33 per cent today.

This has given rise to the declaration that there are no opportunities left for young men to get into farming. This is manifestly untrue. Farmers are as mortal as anyone else.

The reason why so few farms are becoming vacant for sale is that owner occupiers and some tenants are able to pass them on to their families and these are keen to take them. Fifty years ago many farmer's sons went into other jobs. A career in banking was particularly inviting—providing a 9 to 5 job with a pension at the end. I was considered particularly foolish not to have taken such an opportunity when offered.

But in spite of all the gloom about prospects young men do get into farming, not perhaps by particularly orthodox means but they do show that the opportunities do exist. There is the classic example of Mr Anthony Rosen, who built Fountain Farming from nothing to more than 25,000 acres in the course of a dozen years before the colder financial climate caused him to come unstuck.

There have been other entrepreneurial characters who by various means have gained control of farming empires, though these have not bene quite so widely publicised. They have succeeded in selling themselves to the owners of land and capital and so far their systems appear to be working.

But these successes are not these have not been quite so in mind. To them a farmer is a man close to the soil, not one who spends his time between an aeroplane and a computer terminal. They believe that for the ordinary young farmer, a practical man of the soil, the oportunities just don't exist.

The Oxford Farming Conference last week provided a refutation of this. Three youngish men described how they had succeeded by a combination of hard work and peristence to succeed in their chosen lines.

Mr Simon Orpwood spent some time looking at farming opportunities in Australia and New Zealand before deciding to have a try in England where he thought his limited capital would have more scope. He did some contracting and then persuaded a landowner to let him 80 acres of land on which to run outdoor breeding sows.

With the help of some friends and suppliers he was able to begin with a herd of 140 sows in 1978 which has expanded to 480. His landlord has the advantage of the pig dung on the land which he ploughs up in his rotation. The secret of Mr Orpwood's success is that his capital is invested in low cost housing for his pigs and in the sows themselves which, farrowing twice a year, provide a very high cashflow.

Mr Tony Hextall who began with 40 cows on an 85-acre small holding built this up to 150 cows before he was able to move to another 200 acre farm where he has 200 cows. Like Mr Orpwood he invested in animals with a very high cash output and is achieving remarkable results.

Mr Mike Warman began with turkeys in a small way in 1967 and after various vicissitudes he is in charge of marketing a total of 5,000 birds a week in processed form in a company to which he sold his own producing unit.

Fortunately these papers will be published in the Conference Report later this year. They are essential reading for the aspiring young farmer.

John Cherrington

Spanish crops need more rain

WASHINGTON—More rain is neded in winter grain areas of Spain, but Portugal welcomed the drier weather which returned in the week ended January 9, the Joint Agricultural Weather Agency of the U.S. Departments of Commerce and Agriculture said.

In its international weather and crop summary, the agency said winter grain planting operations are underway in most areas of Spain and timely rains during the remainder of the growing season are extremely important as subsoil moisture is very low.

In France, periods of snow, freezing rain, and rain may have produced ice glaze conditions over some winter wheat areas, the agency said.

Abnormally heavy snowfall along with below-normal temperatures continued to persist in England, with wet weather over some central and eastern areas of Europe, it said. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

Base-Metal prices gained ground on the London Metal Exchange reflecting the weakness of sterling against the dollar. Copper fell to £878 in early trading, owing to the sharp decline in gold, but rallied to close at £888, while Lead closed at £341, after extremes of £327 and £344 with heavy U.S. buying reported in the afternoon. Zinc was finally £425.5, Aluminium £617.25 and Nickel £3,052.5. Tin closed at £8,140, three months, with cash finally £8,635.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrade				
Cash	853-.5	+4	857.5-8.5	+4.25
3 mths	882-3	+6.75	886-.5	+5
Settlem't	853.5	+5	—	......
Cathodes				
Cash	852-3	+2.75	854-.5	+2.75
3 months	879-80	+5	881-.5	+4
Settlem't	853	+3	—	......
S. Prod	—	......	*77-82	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £853.50, 53; three months £879, 80, 81, 80.50, 81, 81.50, 82. Standard, Cathodes three months £879. Kerb: Higher Grade, cash £853.50; three months £883.50, 83, 82, 81.50. Afternoon: Higher Grade, three months £884, 85, 85.50, 85, 86, 85.50, 88. Standard, Cathodes, cash £854. Kerb: Higher Grade, early April £886; three months £886, 87, 88, 89, 88, 87.50, 87, 88. Turnover: 24,100 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	327-.5	+12	324-5	+1
3 months	338-9	+11½	337.5-8	+2.5
Settlem't	327.5	+12	—	......
U.S. Spot	—	......	*28-34	—

Lead—Morning: Cash £322, 326.50, 27.50, 27; three months £334, 35, 36, 37, 38, 39, 38.50, 39. Kerb: Three months £339, 38, 38.50, 39, 38, 37, 38. Afternoon: Three months £341, 42, 43, 44, 43.50, 44, 42, 41.50, 40, 38, 37, 38, 38.50, 38, 37.50, 38. Kerb: Three months £338, 39, 40, 41, 40, 39, 40, 40.50, 41, 41.50, 42.00. Turnover: 12,400 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8625-35	+40	8625-35	......
3 months	8060-5	—18	8130-5	+32.5
Settlem't	8635	+35	—	......
Standard				
Cash	8625-35	+40	8625-35	......
3 months	8060-5	—10	8130-5	+32.5
Settlem't	8635	+35	—	......
Straits E.	$35.30	+0.20	—	......
New York	—	......		

Tin—Morning: Standard, cash £8600, 30, 40, 30; late Jan £8650; three months £8090, 80, 70, 65. Kerb: Standard, three months £8060, 50, 60. Afternoon: Standard, cash £8630; late Feb £8660; three months £8080, 90, 100, 10, 25, 30. Kerb: Standard, three months £8130, 40, 35, 30, 35. Turnover: 1,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	412-.5	+9.37	411.5-2.5	+8
3 months	425.5-6	+8.5	424.5-5.5	+6.12
S'ment	412.5	+8.75	—	—
Primw'ts	—		*42-75	—

Zinc—Morning: Three months £419, 20, 24, 24.50, 20, 25.50. Kerb: Three months £425.50, 25, 24, 23.50. Afternoon: Three months £428, 28, 27.50, 27, 28, 28, 25, 24.50. Kerb: Three months £427, 26, 25, 24.50, 24, 25, 26. Turnover 10,150 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	590-1	......	592.5-3.5	+3
3 months	615.5-6	......	617.5-8	+2.5

Aluminium — Morning: Cash £590; three months £614, 13, 15, 16, 15.50, 15, 15.50. Kerb: Three months £616. Afternoon: Three months £618, 19, 18, 18.50, 18. Kerb: Three months £617, 17.50. Turnover: 3,700 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3000-10	+15.5	3000-10	+10
3 months	3050-5	+5	3055-60	+15

† On previous unofficial close.
* Cents per pound. ‡ MS per kilo.

Nickel—Morning: Three months £3060, 58, 50. Kerb: Three months £3050. Afternoon: Three months £3060, 55. Kerb: Three months £3055, 50. Turnover 264 tonnes.

SILVER

Silver was fixed 6.85p an ounce lower for spot delivery in the London bullion market yesterday at 415.15p. U.S. cent equivalents of the fixing levels were: spot 772c, down 20.1c; three-month 797.1c, down 22c; six-month 826.1c, down 23.9c; and 12-month 883.3c, down 25.6c. The metal opened at 417-421p (777-782c) and closed at 420-424p (780-785c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	415.15p	-6.85	424p	+1.5
3 months	429.65p	-7.65	438.75p	—2
6 months	445.50p	-8.50	—	......
12months	467.55p	-8.70	—	......

LME—Turnover 73 (94) lots of 10,000 ounces. Morning: Three months 430.5, 30.0, 31.0, 30.5, 31.0, 31.5. Kerb: Three months 431.0. Afternoon: Three months £436.5, 36.0, 36.5, 37.0, 36.5, 38.0, 48.5. Kerb: Three months 427.5, 37.0.

‡ Unquoted. x March. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

COCOA

Futures opened £15 lower and continued to ease on liquidation of speculative long positions. The decline in values, however, did attract some modest offtake among manufacturers, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1191-92	—32.0	1210-189
May	1190-91	—33.0	1210-190
July	1198-99	—35.0	1220-197
Sept	1205-08	—34.0	1221-12
Dec	1216-18	—29.5	1239-18
March	1220-30	—30.5	1242
May	1230-40	—28.0	1252

Sales: 2,692 (2,298) lots of 10 tonnes

ICCO—Daily price fob Jan 14: 97.41 (100.51); Indicator price for Jan 15: 99.82 (100.47) U.S. cents per pound.

COFFEE

A steady New York close together with slightly lower sterling produced small gains, reports Drexel Burnham Lambert. Switch-trading which boosted a moderate volume emerged as the only feature.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	1138-40	+13.0	1141-28
March	1149-50	+15.0	1150-36
May	1134-35	+8.5	1133-25
July	1127-28	+5.0	1127-20
Sept	1122-23	+4.0	1124-15
Nov	1118-20	+1.5	1118
January	1110-20	—0.5	—

Sales: 2,036 (2,916) lots of 5 tonnes.

ICO Indicator prices for January 13: (U.S. cents per pound): Comp daily 123.31 (123.70); 15-day average 123.93 (123.90).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 366, 370, nil; March 370, 372, nil; May 375, 377, 375; Aug 387, 388, 387; Oct 388, 393, 391; Dec 393, 398, nil; Jan 397, 401, 399; March 407, 412, nil; May 412, 420, nil. Sales: 13.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 495.0, 495.5, 496.0-495.5; May 503.0, 503.5, 502.5; July 512.0, 512.5, 512.0; Oct 510.0, 511.5, 512.0-511.0; Dec 515.0, 515.5, 515.0; March 520.0, 524.0, 522.0; May 525.0, 529.0, untraded; July 528.0, 532.5, untraded. Sales: 120.

GAS OIL FUTURES

Expectations of a stronger New York market fuelled a rally to the highs on the opening, but when these failed to materialise heavy general selling pushed prices sharply down, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
January	325.00	—1.00	327.00-25.00
February	315.75	—0.75	318.00-15.50
March	306.50	—1.25	308.00-06.00
April	294.00	—2.00	297.00-95.00
May	290.25	—2.25	295.00-89.00
June	288.50	—5.25	288.50-88.00
July	287.50	—4.25	—
August	290.00	—5.00	290.00
Sept	300.00	+3.50	290.00

Turnover: 1,470 (1,357) lots of 100 tonnes.

GRAINS

The market opened unchanged on all positions. Old crops saw some short covering and exporter buying after the release of the latest official export figures. New crops were also firm on commercial buying, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
Jan	109.90	+0.35	106.05	+0.65
Mar	112.75	+0.50	108.65	+0.45
May	116.40	+0.25	111.95	+0.40
July	119.25	+0.25	—	—
Sep	107.45	+0.25	102.75	—0.25
Nov	111.10	+0.30	106.65	—0.20

Business done—Wheat: Jan 109.90-109.75, March 112.80-112.60, May 116.40-116.25, July 119.20 only, Sept 107.40-107.25, Nov 111.10-110.90. Sales: 152 lots of 100 tonnes. Barley: Jan 106.10-105.70, March 108.70-108.25, May 112.00-111.70, Sept 102.75-102.60, Nov 106.60 only. Sales: 295 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Feb 118.50, March 121.25 transhipment East Coast. U.S. Hard Winter 13½ per cent, first half Jan and first half Feb 118. English fob, 113.50 South Coast. Maize: S. African Yellow, March 76.50 quoted. Barley: English Feed fob, April/June 116.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: N West 110.30. Feed barley: S East 104.50, S West 105.00, W Mids 105.00, N West 106.20. The UK Monetary Coefficient for the week beginning Monday January 18 is expected to remain unchanged.

RUBBER

The London physical market opened unchanged, attracted little interest throughout the day and closed quiet and slightly steadier. Lewis and Peat recorded a February fob price for No. 1 RSS in Kuala Lumpur of 202.5 (203.0) cents a kg and SMR 20 179.0 (179.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Feb	50.80-50.80	50.50-50.70	—
Mar	51.40-51.60	50.70-50.50	51.60-
Apl-Jne	53.50-53.60	52.80-52.90	53.50-53.00
Jly-Sept	57.00-57.10	56.20-56.30	57.10-56.60
Oct-Dec	60.20-60.30	59.50-59.40	60.20-59.90
Jan-Mar	63.40-63.50	62.40-62.50	—
Apl-Jne	66.50-66.60	65.50-65.60	—
Jly-Sept	69.30-69.40	68.10-68.40	68.90
Oct-Dec	72.40-72.50	71.70-71.80	—

Sales: 159 (285) lots of 15 tonnes. 3 (5) lots of 5 tonnes.

Physical closing prices (buyers) were spot 50.25p (49.75p), Feb 52.00p (51.50p), March 51.75p (51.25p).

SOYABEAN MEAL

The market opened around £1 higher on weaker sterling, reports T. G. Roddick. Prices continued to advance on strong cash markets due to contern over U.S. weather conditions.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	155.10-55.5	+4.55	158.50-56.00
April	155.50-55.8	+2.15	156.00-53.50
June	154.40-54.5	+1.80	155.00-54.00
August	155.00-55.5	+1.85	156.00
October	156.00-56.5	+1.75	156.50
Dec	156.00-58.0	+1.50	—
Feb	156.00-60.0	+3.25	—

Sales: 120 (70) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £167.00 (£166.00) a tonne cif Jan-Feb shipment. White sugar daily price £173.00 (same).

The market opened easier but rumours that the USSR had invited offers produced a rally. All the gains were lost by the close at New York turn downwards, reports C. Czarnikow.

No.4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	174.90-74.95	175.50-75.40	177.50-74.20
May	178.25-78.40	177.75-78.00	180.75-77.50
Aug	181.20-81.40	180.95-81.00	183.50-81.00
Oct	185.15-86.20	184.65-84.70	187.25-86.00
Jan	188.50-87.00	186.25-87.00	188.50
March	191.75-92.75	190.90-92.00	194.25-91.00
May	192.50-95.50	191.00	192.50-92.00

Sales: 5,160 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £277.00 (£276.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Jan 13: Daily price 12.89 (12.68); 15-day average 12.94 (12.97).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 63 tonnes. Restricted operations involved few fresh dealings. Only occasional interest displayed in Turkish and Russian styles.

POTATOES

LONDON POTATO FUTURES—April again eased back in an uncertain market. February attracted support at £95, while November found no interest, reports Coley and Harper. Closing prices: Feb 95.00, unchanged (high 95.50, low 94.90); April 115.60, —0.80 (high 116.80, low 115.50); Nov 67.70, —0.10 (untraded). Turnover: 310 (274) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 86.0 to 90.0; Ulster hindquarters 102.5 to 103.5, forequarters 71.2 to 73.0. Veal: Dutch hinds and ends 135.0 to 140.0. Lamb: English small 81.0 to 95.0, medium 86.0 to 94.0. Imported: New Zealand PL (new season) 71.5 to 72.0, PM (new season) 72.0 to 72.0. YLs (old season) 68.0 to 69.0. Pork: English, under 100 lb 43.0 to 55.0, 100-120 lb 45.0 to 55.0, 120-160 lb 42.5 to 53.5.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 102.18p per kg lw (+6.01). UK—Sheep 202.82p per kg est dcw (+11.14). GB—Pigs 83.25p per kg lw (+3.21).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: Navels 48/113 3.20-3.50; Spania: Navels/Navelines 42/130 2.00-4.00; Jaffa: Navels 60/105 4.35-4.50, Shamouti 60/144 4.90-5.60. Sevilles—Spanish: 7.30. Clementines—Spania: 3.00-4.30; Moroccan: 1/6 3.00-4.50. Satsumas—Spania: 3.00-3.50. Lemons—Cyprus: 3.20-4.50; Greek: 5.00-6.00; Turkish: 4.00-5.00; Spania: 40/50 2.40-2.50. Grapefruit—U.S.: Pink 32/48 5.50-7.00; Cyprus: Large cartons 3.00-4.00, small cartons 2.80-3.40; Jaffa: 36/88 3.50-4.90. Apples—French: New crop, Golden Delicious 20 lb 3.00-4.00, 40 lb 6.50-7.60. Starkcrimson 40 lb 6.50-7.60, 20 lb 3.40-3.80, Granny Smith 7.00-8.50; Canadian: Red Delicious 9.00-10.00; U.S.: Red Delicious 8.00-13.00; Hungarian: Starking 6.50-7.00. Pears—Dutch: Comice 14 lb, per pound 0.25-0.28. Peaches—S. African: 4.00; Zimbabwean: 4.00-5.00. Plums—S. African: Santa Rosa, per pound 0.30-0.50, Beauty 0.30-0.50. Apricots—S. African: 11 lb, per pound 0.40-0.50. Grapes—Spanish: Almeria 11 lb 3.00-3.80, Negra 4.50-4.80; S. African: Queen of the Vineyard, box 11.00; U.S.: Red Emperor 0.50-0.60; Chilean: Seedless, per box 12.00; Brazilian: Italia, box 12.00. Strawberries—Kenyan: 0.50-0.80; U.S.: 12-oz 0.80; Israeli: 8-oz 0.70. Litchees—S. African: 0.70. Melons—Spanish: Green 10 kg 5.00-7.00, 16 kg A1 11.00-12.00; Brazilian: Yellow 7.50-8.00. Pineapples—Ivory Coast: Each 0.40-1.20. Bananas—Colombian: Per pound 0.18. Avocados—U.S.: Large box 6.00; Israeli: 3.00-3.60. Mangoes—Kenyan: 8/16 4.50-5.00; Peruvian: 7.50; Brazilian: 8.00. Dates—Tunisian: 30's 0.45-0.55; U.S.: 0.42-0.43. Tomatoes—Spanish: 1.00-2.00; Canary: 2.80-3.80. Onions—Spanish: Grano 3/5 2.30-4.50. Capsicums—Canary: Green 4.00-4.50, red 5.50; Israeli: Red 6.50, green 3.80. Cabbages—Dutch: White 4.50-4.80. Cauliflowers—Jersey: 24's 6.00; French: 24's 7.00. Celery—Israeli: 4.60; Spanish: 4.00-5.00. Carrots—Dutch: 22 lb 3.20-3.40, pre-packed 2.80; Italian: Per pound 0.10-0.12. Lettuce—Dutch: 24's 3.00-3.60, 12's 2.20. Cucumbers—Canary: 2.00-3.00. Chicory—Belgian: 3 kg 2.20-2.50. Endive—French: 4.00-5.00.

English Produce: Potatoes—Per 55 lb, white 2.50-3.40, red 2.80-3.60, King Edwards 3.00-4.00. Mushrooms—Per pound, open 0.30-0.40, closed 0.55-0.70. Apples—Per pound, Bramley 0.12-0.26, Cox's 0.20-0.32, Spartan's 0.20-0.25. Pears—Per pound, Conference 0.14-0.21, Comice 0.18-0.25. Cabbages—Per 30-lb bag, Celtic/Jan King 2.00-2.50. Lettuce—Per 12, round 1.20-2.00. Onions—Per 55 lb 40/80mm 2.00-3.00. Carrots—Per 26-28 lb 2.50-3.60. Beetroots—Per 28 lb, round 1.20, long 1.50-1.80. Parsnips—Per 28 lb 4.00-5.00. Swedes—Per net 1.80-2.00. Sprouts—Per 20 lb 2.00-5.00. Spring Greens—Per 35-40 lb Cornish 7.00. Rhubarb—Per 14 lb, per pound 0.26. Leeks—Per 10 lb 3.00-3.50. Cauliflowers—Per 12/24's 2.50-4.00.

GRIMSBY FISH—Supply moderate, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.80, codlings £3.00-£4.00; medium haddock £3.80, small £1.90; large plaice £3.20-£3.40, medium £2.50, best small £3.00-£3.20; rockfish £2.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 14 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1180/1130	+10	$1145/175
Copper			
Cash h grade	£868	+4.25	£870.5
3 mths	£888.25	+5	£895.75
Cash Cathode	£859.25	+2.75	£867
3 mths	£881.25	+4	£891
Gold troy oz	$376	—4.5	$416.5
Lead Cash	£324.5	+1	£372.5
3 mths	£337.75	+2.5	£385.5
Nickel	£3737.75		£3678.88
Free mkt	255/290c		245/265c
Platin'mtr'y oz	£260		£260
Free mkt	£154.35	—1.95	£216.75
Quicksilver†	$412/422		$415/425
Silver troy oz	415.15p	—6.85	465.95p
3 mths	429.65p	—7.65	482.70p
Tin Cash	£8630	+32.5	£8350.5
3 mths	£8,132.5	+52.5	£8130
Tungsten 22.04lb	$127.40		$134.48
Wolfrm 22.04lbs	$124/128	+0.5	$121/127
Zinc Cash	£412	+6	£455.75
3 mths	£426	+6.125	£468.625
Producers	$950		$980/50
Oils			
Coconut (Phil)	$547.5y		$558
Groundnut	$570y	+5	$715
Linseed Crude	‡		‡
Palm Malayan	$515x		$485
Seeds			
Copra Philip	$345y	—2.5	$545
Soyabean (U.S.)	$264		$259.5
Grains			
Barley Fut. Mar	£108.65	+0.45	£107.45
Maize	‡		‡
Wheat Fut. Mar	£112.75	+0.50	£112.20
No2 Hard Wint	£118		‡
Other commodities			
Cocoa ship't*	£1237	—31.5	£1,258
Future May	£1190.5	—33	£1155.5
Coffee Ft' Mar	£1149.5	+15	£1116.5
Cotton A.Index	69.60c	+0.55	67.50c
Gas Oil Feb.	$315.75	—0.75	$326.75
Rubber (kilo)	50.25p	+0.5	50.5p
Sugar (Raw)	167y	+1	£172
Wool t'ps 64s kl.	379p kilo	+1	378p kilo

‡ Unquoted. w Dec-Jan. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, January 14.

COPPER WAS STRONG on active trade support and local shortcovering. Sugar advanced slightly on expectations of Soviet purchases and cutbacks in EEC purchases. Heating oil rallied from sharply lower opening on rumours of prospective cutbacks in Saudi production. The livestock complex was sharply higher on continued poor weather prospects. Maize was mostly higher with soyabeans and wheat rallying on the close on short covering ahead of the crop production report, reported Heinold.

Copper—Jan 71.80 (70.80), Feb 72.25 (71.25), March 73.06-73.20, May 74.80-74.95, July 76.50-76.80, Sept 78.50, Dec 80.85, Jan 81.70, March 83.40, May 85.10, July 86.80, Sept 88.50. Sales: 6,500.

*Gold—Jan 377.0 (377.8), Feb 378.0-379.0 (379.8), March 382.1, April 385.0-388.4, June 393.3-394.5, Aug 401.0, Oct 411.0, Dec 422.2, Feb 433.0, April 441.9, June 448.6, Aug 461.9, Oct 472.0.

*Platinum—Jan 360.2 (355.0), April 362.5-364.0 (358.5), July 373.2, Oct 384.9, Jan 403.4

Potatoes (round whites)—Feb 71.2 (72.0), March 75.0 (74.2), April 79.0-79.3, Nov 77.2-77.8. Sales 276.

¶Silver—Jan 787.0 (729.7), Feb 790.2 (793.0), March 798.0-800.0, May 818.0, July 836.5-838.0, Sept 856.1, Dec 884.7, Jan 894.3, March 913.4, May 932.5, July 951.6, Sept 970.6. Handy and Harman bullion spot: 787.00 (795.00).

Sugar—No. 11: March 13.38-13.40 (13.50), May 13.82-13.88 (13.54), July 13.81-13.88, Sept 14.05-14.08, Oct 14.20-14.24, Jan 13.90-14.30, March 14.80-14.81, May 14.75-14.90. Sales: 12.302.

Tin—700.00-735.00 (700.00-735.00).

CHICAGO, January 12.

Lard—Chicago loose 18.75 (18.50).

Live Cattle—Feb 61.10-61.20 (60.15), April 60.00-60.10 (58.85), June 59.90-59.85, Aug 58.45-58.40, Oct 57.10-57.00, Dec 58.07.

Live Hogs—Feb 48.25-48.00 (47.22), April 46.80-46.95 (46.10), June 49.90-49.75, July 50.30-50.25, Aug 48.85-48.80, Oct 47.25, Dec 48.35, Feb 48.75.

‡‡Maize—March 271½-271¾ (271¼), May 281½-281¾ (281½), July 286½-286¾, Sept 288, Dec 291-291¼, March 302¾.

Pork bellies—Feb 64.50-64.20 (62.90), March 65.00-65.30 (63.40), May 66.15-66.27, July 67.40, Aug 66.75.

†Soyabeans—Jan 643 (632½), March 648½-647 (639½), May 657-656½, July 668-667, Aug 669, Sept 669, Nov 673½-673, Jan 687½, March 703½.

‖Soyabean Meal—Jan 194.8-195.0 (189.9), March 193.3-193.8 (190.1), May 194.5, July 196.0, Aug 196.5, Sept 196.5, Oct 197.5-197.0, Dec 199.0-199.5.

Soyabean Oil — Jan 18.95-18.96 (18.84). March 19.39-19.37 (19.32), May 20.05, July 20.69, Aug 20.99-20.95, Sept 21.20-21.25, Oct 21.40, Dec 21.70, Jan 21.70-21.75.

†Wheat — March 389½-390 (386½), May 399¾-400 (397¾), July 401-401¾, Sept 412¾, Dec 429¼, March 443.

WINNIPEG, January 12.

§Barley—March 127.80 (128.70), May 130.50 (same), July 131.40, Oct 132.80, Dec 134.60.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 237.24 (238.74).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, January 13.

††Cocoa—Mar 2097 (2148), May 2100 (2144), July 2107, Sept 2117, Dec 2133, Mar 2153.

Coffee—"C" Contract: March 137.00-137.30 (138.77), May 131.20-131.25 (132.26), July 128.50-129.00, Sept 127.00, Dec 124.50-124.58, March 121.50-122.00, May 119.00-123.00. Sales: 2,085.

Cotton—No. 2: Mar 65.80-65.90 (66.54), May 67.25-67.60 (67.28), July 69.06, Oct 71.10-71.26, Dec 72.16-72.30, Mar 73.40-73.70, May 74.50-74.80. Sales: 5,300.

Orange Juice—Jan 135.15 (130.15), March 138.90 (133.90), May 140.90, July 143.00, Sept 144.25, Nov 144.75. Sales: 23.

CHICAGO, January 13.

Chicago Imm Gold—March 383.0-383.8 (383.4), June 394.9-395.2 (405.8), Sept 408.7, Dec 430.5, March 434.0, June 462.1, Sept 476.9.

EUROPEAN MARKETS

ROTTERDAM, January 14.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, Feb 202; March 205, April 208. U.S. No. Two Red Winter, Jan 188, Feb 189, March 172. U.S. No. Three Amber Durum, Jan 204, Feb 207, April/May 191, May 191, June 193. U.S. No. Two Northern Spring 14 per cent, Feb 202.50, March 203. Canadian Western Red Spring, Jan 218, April/May 213.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow, afloat 138, Jan 135, Feb 134, March 130.75, April/June 131, July/Sept 133, Oct/Dec 135.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, Feb 264, March 262.50, April 262, May 263, June 263.75, July 265.50, Aug 266.50, Sept 266, Oct 266, Nov 266, Dec 269.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S., afloat 245/246/247, Jan 241-244, Feb 240-242, March 240.50-241.50, April/Sept 236.85-237, traded U.S. afloat 245-246, Nov/March 248 sellers. Brazil Pellets, April/Sept 243.25 traded, Jan 257, Feb 258, March 252.50, April/May 244.50, April/Sept 244.50 sellers.

PARIS, January 14.

Cocoa—(FFr per 100 kg): March 1292-1293, May 1297-1300, July 1317-1330, Sept 1328-1337, Dec 1336-1337, March 1345-1350, May 1351-1360. Sales at call: 7.

Sugar—(FFr per tonne): March 1925-1930, May 1971-1975, July 1985-2000, Aug 2030-2050, Oct 2060-2070, Nov 2060-2070, Dec 2080-2085, March 2100-2115. Sales at call: 1.

INDICES

FINANCIAL TIMES

Jan. 13	Jan. 12	Month ago	Year ago
247.71	247.53	246.96	260.42

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Jan. 13	Jan 12	Month ago	Year ago
Spot	126.43	126.97	356.96	443.46
Futr's	133.23	134.26	362.42	467.68

(Average 1924-25-26=100)

MOODY'S

Jan. 13	Jan. 12	Month ago	Year ago
999.5	997.7	974.9	1206.4

(December 31, 1931=100)

REUTERS

Jan. 14	Jan. 13	M'nth ago	Year ago
1618.0	1612.6	1616.1	1721.2

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Markets display resilience as funds are committed despite gloomy background—Golds fall with bullion

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Dec 23	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22

* " New time " dealings may take place from 9.30 am two business days earlier.

Investors were not discouraged by the current sharp downturn in sterling, renewed weakness on Wall Street or the bleak UK industrial scene yesterday. They again committed funds to both main investment areas which, after opening lower, *soon began to show resilience* to leave South African Gold shares as the only sector to close significantly down on the day.

A turnround overnight to weakness in U.S. bonds from initially higher levels on worries about this week's money supply figures together with domestic interest rate anxieties set the scene for a dull Gilt market opening. Losses among longer maturities extended to ⅜ before institutional support revived and gradually took most quotations back to Wednesday's list levels.

Short-dated Gilts held steady to firm throughout with the accent still on low-coupon issues, particularly the 3 per cents; Exchequer 3 per cent 1983, which will be quoted in ex-dividend form this morning, attracted most interest and rose ¼ to 91¼, while Exchequer 3 per cent 1984 gained ⅜ to 82⅜. In contrast, Exchequer 14 per cent 1986, the short tap stock, eased ⅛ to 92⅛.

Wall Street's downturn made scant overall impression on the equity sectors in which business was again restricted owing to travel difficulties. Speculative enthusiasm for leading shares remained centred on the currently popular trio of Turner and Newall, RHM and P & O, while bear closing gave support to recently-weak Thorn EMI before and after yesterday afternoon's announcement of the group's interim results; the absence of a call for new money via a rights issue was a relief to some.

Movements in other constituents of the FT Industrial Ordinary share index and most other blue chips were minimal and this measure of the trend closed a mere 0.1 off at 527.2; the index recorded a loss at each calculation, but the biggest fall, at 10.00 am, was limited to 1.2.

Royal Bank above worst

Deals transacted in Traded options amounted to 2,524, the highest since late November. Business was boosted by a particularly buoyant trade in Racal which attracted 773 calls, of which 316 were taken out in the February 390's, and 249 puts. Interest was also sustained in recent favourite ICI with 395 calls and 239 puts completed. Marks and Spencer and P & O Deferred recorded 163 and 174 calls respectively.

Royal Bank of Scotland recently weak on reports that the Monopolies Commission had rejected the bids for the group from Standard and Chartered and Hongkong and Shanghai Banking, reacted afresh to 135p awaiting details of the annual meeting before rallying to close just 3 cheaper on balance at 141p; the Monopolies Commission decision is expected to be announced today. Standard and Chartered hardened a couple of pence to 675p, but Hongkong and Shanghai shed 3 to 134p.

The major clearing banks passed a lack-lustre session and drifted off to close with modest losses.

Insurance brokers trended firmer, Alexander Howden adding 4 to 132p and Sedgwick 3 to 148p. Willis Faber improved 8 to 375p, while C. H. Heath, 277p, and Minet, 140p, edged up 2 apiece.

Business in Buildings was small, but the undertone remained steady with the leaders holding close to the overnight levels. Elsewhere, UBM Group firmed a penny to 53p following the announcement of the disagreement which has led to the resignation of the chairman and managing director Mr Michael Phillips. Watts Blake Bearne lacked support and slipped to 164p before closing a net 4 cheaper at 166p, while Aberthaw Cement, a rising market recently, encountered selling and relinquished 15 to 340p. On the other hand, selected Contracting and Construction issues attracted renewed support with Higgs and Hill firming 4 to 124p and Newarthill 6 to a peak of 473p. In Timbers, Montague L. Meyer improved 2 to 69p after Press comment highlighting bid possibilities.

ICI displayed renewed firmness on recovery hopes, touching 312p before closing 2 dearer on balance at 308p. Fisons improved 5 more to 163p as bid rumours persisted. Allied Colloids put on 7 for a two-day gain of 19 to 160p in response to the excellent interim results and Laporte closed 4 up at 132p, after 133p. Croda International Deferred, a touch easier at one stage, reverted to 50p following the announcement that Burmah Oil, 2 down at 113p, had increased its offer for the shares to 48p.

Business in Stores was at an extremely low ebb and price movements of note were few and far between. Raybeck continued to attract support in front of today's mid-term statement and added 3 for a two-day gain of 5 to 41p. Dixons Photographic firmed a penny to 161p, after 163p, following the increased first-half profits and dividend, but Polly Peck met renewed profit-taking and closed 7 off at 340p.

Leading Electricals claimed a fair amount of attention. Further consideration of the half-year statement prompted selling of Racal which touched 385p before settling at 390p for a fall of 30 on the day. Already firm at 440p in front of the half-year statement on bear closing, Thorn EMI improved further to 448p following the figures before closing at 440p for a rise of 8 on balance. Plessey touched 343p before settling 10 down at 345p, but GEC held relatively steady and closed only 5 cheaper at 800p. In contrast, Jones Stroud featured secondary issues with a rise of 8 to 84p after half-year figures well above market expectations, while Muirhead, which also bettered expectations, closed 6 higher at 120p, after 122p, following the preliminary statement.

Little of interest occurred in the Engineering leaders, but the trend was to slightly higher levels, GKN improving 2 to 165p and John Brown 1½ to 54p. Secondary issues fared little better in the way of activity. Symonds Engineering gained a penny to 9p following satisfaction with the interim results and statement, while West Bromwich Spring moved up 3 to 11½p following news that 275,662 ordinary shares in the company had changed hands. Revived demand in a difficult market lifted G. M. Firth 7 to 200p. Peter Brotherhood firmed 3 to 145p and IMI edged up a penny more to 55p.

Ranks Hovis McDougall were actively traded on takeover suggestions and the close was a penny dearer on balance at 66p. Elsewhere in the Food sector, British Sugar hardened 5 to 380p following the annual meeting, but Northern shed 3 to 150p following comment on the group's latest U.S. acquisition.

Leading miscellaneous industrial issues rarely strayed far from overnight closing levels. Turner and Newall, however, were relatively briskly traded and closed 2½ dearer at 93p, after having been down to 88p in the early dealings. Reflecting the increased annual profits and dividend, Thomas French were good at 110p, up 10, while Berwick Timpo, 2 better at 39p, responded afresh to news that Caparo had increased its holding in the company. Support lifted AGB Research 9 to 267p and Macarthys Pharmaceuticals 4 to 110p. Other bright spots included Charles Hill, 5 to the good at 135p, and Smiths Industries, up a similar amount at 365p. Johnson Matthey, in contrast, came in offer and fell 6 to 267p, while Hanson Trust gave up 4 to 276p. Rank Organisation eased 3 to 176p, with A. Kershaw 10 lower at 255p. Broken Hill Proprietary, weakened 20 to 570p.

Preliminary profits from Associated Newspapers were well below market expectations, but the shares, down to 171p immediately following the announcement, rallied to close unchanged at 175p. Benn Bros., interim results expected early next month, rose 3 to 93p, while support was also forthcoming for McCorquodale, 138p, and Geers Gross, 106p, up 5 and 6 respectively.

Interest in Properties revolved around situation stocks. Beaumont touched 131p before settling a net 6 up at 130p following the announcement that the merger with London Shop Property, 12 down at 118p, had been declared unconditional. Roschaugh, which recently launched a bid for London Shop conditional on the merger not proceeding, gained 5 to 248p. A fresh appraisal of Greycoat Estates' bid for City Offices left the former 2 cheaper at 118p and the latter 7 off at 138p, but Berkeley Hambro, in receipt of a share exchange offer from Town and City, improved 4 to 326p with T and C a fraction better at 29¾p. Elsewhere, Westminster Property gained 4 to 31p on speculative buying fuelled by bid rumours. Centrovincial softened 3 to 186p on disappointment with the interim results.

Oils Quiet

Oil shares drifted lower in a continuing low level of trade. Shell eased a couple of pence to 376p and Tricentrol closed similarly cheaper at 216p, while Ultramar gave up 5 to 455p. Among the more speculative issues, Double Eagle rallied 4 to 40p after recent weakness, with Warrior Resources 5 better at 40p. Flair Resources edged up 5 to 175p, but Magellan reacted 15 to 225p.

Among Overseas Traders, S. and W. Berisford touched 128p before settling with a net gain of 3 to 123p following the preliminary results. Boustead continued to make progress on speculative interest and added 3 for a two-day rise of 11 at 112p.

Dealings in Colonial Securities, suspended at 54p last Tuesday, were resumed at 68p following the agreed offer from United Newspapers, 9 lower at 161p. Colonial 5 per cent preference were quoted at 95p bid, with the 70 per cent preference at 30p. Among Financials, M and G added 4 to 320p following the annual results.

Plantations featured New Sylhet, 15 higher at 240p, or 40 above the cash offer terms from Bon Marche Wine (Shippers).

Golds slide again

The recent shake-out in South African Golds extended to a seventh day prompted by another session of weakness in the bullion price. The latter fell below $370 an ounce on renewed fears of possible increases in U.S. interest rates, prior to closing a net $4.5 down at $376.

The sharemarket came under pressure from the outset as overnight U.S. selling encouraged an initial sharp mark-down. This was followed by a minor rally, reflecting light support from Johannesburg.

The market then fell back only to stage another recovery late in the day as the bullion price moved back above $370.

Accordingly, closing levels were well above the day's lows but failed to prevent a further 5.2 decline in the Gold Mines index to 265.8; this brought the fall over the past seven trading days to 36.2.

In the heavyweights, Vaal Reefs were particularly vulnerable and showed a £1½ fall to £31, while St Helena closed ⅞ down at £13⅞, after a 1981/82 low of £13⅜, and Western Deep ½ off at a 1981/82 low of £15¼.

One or two firm spots emerged among cheaper-priced issues, Vlakfontein, for instance, adding 6 to 129p on further consideration of the increase in profits in the December quarter.

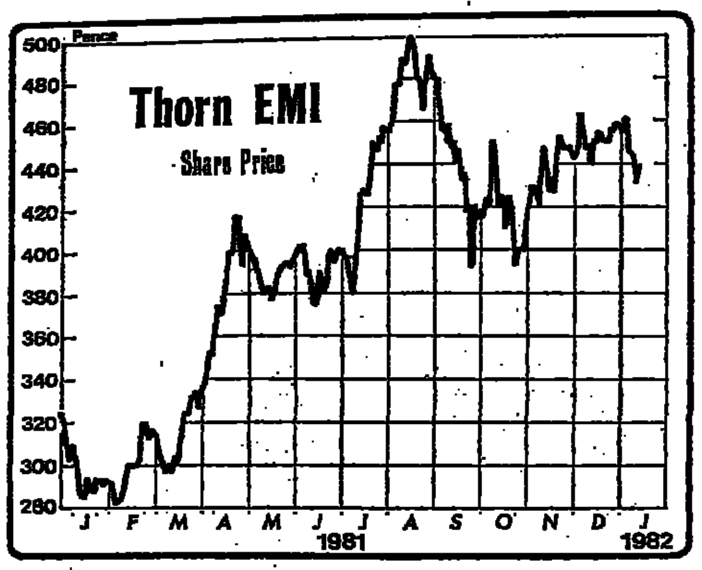
Financials were again depressed by the performances of precious metals and Golds. Gold Fields fell 12 more to 440p, after 438p, bringing the decline over the past four days to 33, while Charter dipped 5 to 240p and Rio Tinto-Zinc 2 to 415p, after 410p.

Higher domestic interest rates coupled with the weakness of the bullion price left Australians showing widespread losses.

Golds recorded sizeable falls, Poseidon ending 20 down at 138p, GMK 8 off at 332p and North Kalgurli 3 lower at 62p.

Meekatharra Minerals edged up 2 to 170 ex the share split and one-for-two scrip issue; the issue was brought forward by five days by the Sydney Stock Exchange, according to Meekatharra.

Elsewhere, Geometals jumped 5 to 15p, after 16p, on news that the company holds an indirect interest in the oil discovery by Major Exploration in Texas.



FINANCIAL TIMES STOCK INDICES

	Jan. 14	Jan. 13	Jan. 12	Jan. 11	Jan. 8	Jan. 7	A year ago
Government Secs....	62.24	62.30	61.92	62.14	62.24	61.97	68.06
Fixed Interest.........	62.88	62.88	62.80	62.91	62.88	62.79	70.24
Industrial Ord.........	527.2	527.3	524.5	530.6	531.4	529.5	448.5
Gold Mines..............	265.8	271.0	284.5	286.7	298.0	299.0	366.3
Ord. Div. Yield..........	5.70	5.69	5.72	5.66	5.65	5.67	7.98
Earnings, Yld. % (full)	10.01	10.00	10.05	9.93	9.92	9.96	17.87
P/E Ratio (net) (*)...	12.76	12.78	12.71	12.87	12.87	12.83	6.86
Total bargains..........	13,927	13,169	13,246	15,054	16,037	16,671	19,667
Equity turnover £m.	—	85.99	107.29	92.65	113.05	126.70	100.29
Equity bargains........	—	10,836	12,301	12,001	12,737	13,388	13,876

10 am 526.1. 11 am 526 5. Noon 526.4. 1 pm 526.6.
2 pm 526.6. 3 pm 526.2.
Latest Index 01-246 8026.
*Nil = 11 40.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	70.61 (20/3/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.....	72.01 (20/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.......	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines..	429.0 (14/8/81)	262.6 (29/6/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 13	Jan. 12
Daily Gilt Edged Bargains...	125.9	124.3
Equities...... Bargains...	70.21	79.7
Value........	173.8	216.9
5-day Avrge. Gilt-Edged Bargains...	148.4	158.8
Equities...... Bargains ..	79.39	80.0
Value........	212.5	213.1

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or –	Div. Net	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or –
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or –
[illegible]							

[illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Berisford (S. & W.)	123	+ 3	Plessey	345	–10
Cons Gold Fields	440	–12	RHM	66	+ 1
Geometals	15	+ 5	Racal Electronic	390	–30
ICI	308	+ 2	Royal Bk of Scotland	141	– 3
Muirhead	120	+ 6	Thorn EMI	440	+ 8
P. & O. Deferred	140	—	Vaal Reefs	£31	– 1½

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Ryl Bk of Scot	16	144	– 3	Minerals & Res	11	388	– 5
Allied Colloids	14	153	+12	Ownrs Abroad	11	17½	+ 2
RTZ	13	417	–10	Racal Elec	11	420	– 3
De Beers Dfd	12	335	–10	Fisons	10	162	+12
ICI	12	306	+ 6	BAT Inds	9	350	+ 2
BP	11	296	+ 4	Cons Gold	9	452	– 5
GEC	11	805	+ 3	Shell Trans	8	378	—

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 13, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08	Guadaloupe	Franc	5.792	Pitcairn Is.	N.Z. Dollar	1.3261
Albania	Lek	5.3824	Guam	U.S. $	1.00	Poland	Zloty (O)(5)	80.00
Algeria	Dinar	4.1875	Guatemala	Quetzal	1.00	Portugal	Escudo	66.25
Andorra	Fr. Franc	5.792	Guinea Bissau	Peso	38.092	Port Timor	Escudo	n.a.
	Sp. Peseta	98.45	Guinea Rep.	Syli	21.3707	Puerto Rico	U.S. $	1.00
Angola	Kwanza	30.214	Guyana	Dollar	3.0376	Qatar	Riyal	3.6397
Antigua	E. Caribbean $	2.7026	Haiti	Gourde	5.00	Reunion Ile de la	Fr. Franc	5.792
Argentina	Peso (f) (5)	9575.00	[illegible]			[illegible]		

n.a. Not available. * U.S. dollars per National Currency unit. (C) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rates abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, exporters, tourists.
(4) Argentina—Commercial and Financial rate combined 30/12/81. (5) Poland—Official rate 80 effective 1/1/82.
(6) Somali: Parallel exchange rates introduced 1st July—for essential imports. (7) Somali: Exports and Non Essential imports and Transfers.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (16)

BRITISH FUNDS (3)
Treas. 3pc '82 — Treas. 3pc 1986
Exch. 3pc 1984

COMMONWEALTH LOANS (1)
Aust. 5½pc '81-82

AMERICANS (1)
CPC

BUILDINGS (2)
Callender (G. M.) — Newarthill

CHEMICALS (4)
Allied Colloids — Coalite
Brent Chemicals — Laporte Inds.

INDUSTRIALS (3)
Glaxo — Toothill
Martin-Black

TRUSTS (1)
Colonial Secs.

OIL AND GAS (1)
ORE

NEW LOWS (25)

AMERICANS (2)
Fluor Corp. — Tenneco

CANADIANS (2)
Canadian Pac. Ent. — Place Gas

INDUSTRIALS (1)
BH Prop.

MOTORS (1)
Deltight

TRUSTS (2)
Precious Metals — Mexico Fund

OIL AND GAS (3)
Magellan Pet. — Woodside
Ranger Oil

MINES (14)
East Rand Prop. — Rustenburg Plat.
Blyvoor — Coronation
Western Areas — Falcon
Western Deep — Roan Cons.
St. Helena — CRA
Welkom — MIM Holdings
Minorco — Seltrust

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds*	8	49	35
Corpns., Dom. and Foreign Bonds ...	2	1	69
Industrials	183	126	1,049
Financial & Props.	37	92	385
Oils	14	35	81
Plantations	—	4	20
Mines	15	58	95
Others	33	62	56
Totals	292	427	1,770

* In yesterdays' edition, changes in British Funds should have been shown as 86 rises and no falls. This adjusts published total rises to 447 and falls to 418.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 4	Jan 15	Apr 15	Apr 26
Jan 18	Jan 29	Apr 28	May 10
Feb 1	Feb 12	May 13	May 24

For rate indications see end of Share Information Service

Money was given for the call in Boustead, Royal Bank of Scotland, NCC, Black and Edgington, Associated Fisheries, FNFC, Harold Ingram, Bowater, Lennons, RHM, Imps, Turner and Newall, P and O Deferred, Western Areas, Woodside, Courtaulds and Whittington Engineering. Puts were arranged in FNFC, Lofs and Woodrow Wyatt.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Thur Jan 14 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Jan 13 Index No.	Tues Jan 12 Index No.	Mon Jan 11 Index No.	Fri Jan 8 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (210)	351.14	–0.6	9.91	4.54	12.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]										

FIXED INTEREST

PRICE INDICES	Thur Jan 14	Day's change %	Wed Jan 13	xd adj. today	xd adj. 1982 to date
1 British Government 5 years	[illegible]				
2 5-15 years	[illegible]				
3 Over 15 years	[illegible]				
4 Irredeemables	[illegible]				
5 All Stocks	[illegible]				
6 Debentures & Loans	[illegible]				
7 Preference	[illegible]				

AVERAGE GROSS REDEMPTION YIELDS

[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	161.6	166.7	.....	9.27
L&C Intl & Gen Fd	129.8	133.9	.....	0.82

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	91.9	98.4	−0.1	4.65
Equity Acc.	128.9	138.4	−0.1	4.65
Gilt	113.0	118.9	−0.3	8.07

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Leo Distribution	121.0	128.3	.....	0.42
Leo Accum.	143.6	152.3	.....	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	72.6	78.0	−0.3	4.95
Do. (Accum.)	113.9	122.4	−0.5	4.95
Energy Int.	41.8	44.9	−1.7	2.19
Do. (Accum.)	42.5	45.6	−1.7	2.19
Extra Income	59.9	64.4	+0.2	9.08
Do. (Accum.)	85.3	91.7	+0.3	9.08
Income	95.3	102.4	−0.1	7.40
Do. (Accum.)	157.0	168.8	−0.2	7.40
Int. Technology	77.0	82.7	−0.1	0.45
Do. (Accum.)	78.4	84.2	−0.1	0.45
N. American & Gen.	47.5	51.0	−0.2	1.14
Do. (Accum.)	48.4	52.0	−0.2	1.14
Pacific Basin	47.7	51.2	+0.1	0.97
Do. (Accum)	47.7	51.2	+0.1	0.97
Small Cos. & Recy.	56.1	60.3	+0.1	3.06
Do. (Accum.)	58.8	63.2	+0.1	3.06
Worldwide Grwth.	84.6	90.9	−0.4	2.33
Do. (Accum.)	113.8	122.3	−0.6	2.33

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	268.5	282.6	.....	4.25

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Dec. 31		158.50	.....	6.77
Wider Fund Dec. 31		280.25	.....	5.05
Narrower Fd. Dec. 31		70.05	.....	14.57

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	46.6	50.1	.....	2.81
I.T.U.	33.6	36.1	−0.2	4.11
Select International	358.2	385.1	−2.9	1.56
Univ. Growth	88.1	94.7	−1.1	0.72
Increasing Income Funds				
High-Yield	55.5	59.6	.....	8.38
Select Income	59.0	63.4	+0.2	6.90
High Income Funds				
Gilt & Fxd. Int. Inc.	44.6	47.0	.....	13.23
High Return	64.8	69.6	+0.1	8.63
Income	41.8	44.9	.....	10.46
U.K. Funds				
Gilt & Fxd. Int. Grth.	49.7	50.3	.....	5.14
UK Equity	61.0	65.5	−0.3	4.24
Overseas Funds (z)				
Europe	77.6	83.4	+0.6	1.47
Japan	131.0	140.8	+1.8	0.10
S.E. Asia	86.4	92.8	−0.5	0.65
U.S.	113.4	121.9	−0.3	0.79
Sector Funds				
Commodity	127.3	136.8	−1.5	3.29
Energy	126.3	135.8	−2.0	1.45
Exploration Fund (z)	36.5	39.2	−0.5	0.25
Financial Secs.	104.0	111.8	−0.7	2.65
New Technology (z)	46.5	49.9	.....	0.25
Fixed-Interest Fund (z)				
Intl. Bond Fd.	61.5	65.7	+0.2	2.26
Exempt Funds				
Exempt Income*	195.3	206.2	.....	7.58
Exempt Intl.*	358.1	378.0	.....	0.75

Prices at January 13. Next sub. day January 27.

Scotbits Securities Ltd.

Scotbits	47.9	51.5	−1.1	3.83
Scotyield	51.8	55.6	+0.1	7.83
Scotshares	79.9	85.9	−0.2	4.83

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	167.6	180.2	−0.4	2.77
(Accum. Units)	219.9	236.4	−0.6	2.77
Income Fnd.	231.2	248.6	+0.9	7.96
(Accum. Units)	422.9	454.7	+1.6	7.96
Gen.	132.1	142.0	+0.5	4.17

INSURANCE PROPERTY BONDS

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅜	91¾	Treasury 3pc '82‡‡	99⅜xd	+⅛	—	13.95
107	99¼	Treasury 14pc '82‡‡	99⅞	+⅛	14.03	14.97
99⅞	96⅜	Treas. Variable '82‡‡	99⅞	......	15.20	15.39
97¼	93½	Treasury 8¼pc '82	97¼	......	8.49	14.85
96⅞	93⅞	Exch. 9¼pc 1982	96	......	9.64	15.47
95⅝	90⅝	Exch. 8¾pc 1983	94¼	......	9.23	14.72
92¼	84⅜	Exch. 3pc 1983	91½	+½	3.30	11.98
99⅞	95	Treasury 12pc 1983‡‡	96⅞	......	12.45	15.45
99⅝	96¾	Treas. Variable '83‡‡	99⅛	......	15.24	15.44
94½	90¼	Treasury 9½pc '83	93¾xd	......	9.86	14.83
101⅞	95¼	Exch. 13½pc '83	97¼	......	13.86	15.11
94½	89¼	Exch. 10pc 1983	92⅛	......	10.82	14.69
88¾	83½	Funding 5½pc '82-84‡‡	88¼xd	......	6.23	12.31
96¼	90	Exch. 11¼pc 1984	93xd	¼	12.09	15.34
103⅞	95¼	Exchequer 14pc 1984	97	......	14.43	15.54
82¾	77	Exch. 3pc 1984	82⅞	+⅛	3.63	11.40
98⅛	90½	Treasury 12pc 1984	93⅞	......	13.06	15.76
107⅝	95⅝	Treasury 15pc 1985	97	......	15.46	16.20
98⅝	88¼	Exch. 12pc Cnv. '85	89⅞	......	13.35	16.17
76	71	Treasury 3pc 1985	74⅝	+¼	4.08	12.39
96⅞	85¼	Treasury 11½pc 1985	88¼xd	......	13.04	16.09
98⅝	87⅞	Exch. 12¼pc 1985	89⅞	......	13.78	16.21
97⅛	84¾	Exch. 11½pc '86	86½	......	13.55	16.33
70½	65¼	Treasury 3pc 1986	70½	+¼	4.25	11.89
97⅞	84½	Treasury 12pc '86	87	......	13.79	16.22
88⅝	78½	Treasury 8¼pc '84-86‡‡	81	+¼	10.49	14.41
95⅝	91⅝	Exch 14pc 1986	92⅛	−⅛	15.19	16.42

Five to Fifteen Years

1981-82 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103⅞	90	Exch. 13¼pc 1987	98¼xd	......	14.56	15.93
81¼	71¼	Funding 6½pc '85-87‡‡	74¼	−⅛	8.91	13.89
64⅝	64½	Treasury 3pc 1987	64½	......	4.66	12.03
91	83½	Treas. 12pc 1987	86	−⅛	14.35	16.46
81⅛	72¼	Treasury 7¾pc '85-88‡‡	72¾xd	−⅛	10.60	14.62
65½	58¾	Transport 3pc '78-88	60⅝	−⅛	4.95	11.91
92¾	79½	Treasury 11½pc 1989	83¾	−⅛	14.52	16.57
67¼	59¾	Treasury 5pc '86-89	63	−¼	8.09	12.96
101½	85¼	Treasury 13pc 1990‡‡	86⅝xd	−⅛	15.60	16.83
95⅞	81⅝	Exch. 12½pc 1990	86¼	−¼	15.20	16.53
80⅞	69⅞	Treasury 8¼pc '87-90‡‡	70½	−⅛	11.81	14.59
90⅛	77¼	Treasury 11¾pc 1991	78½	−⅛	14.99	16.45
66¼	57	Funding 5¾pc '87-91‡‡	60¼	−⅛	9.82	13.86

COMMONWEALTH AND AFRICAN LOANS

1981-82 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99½	92¾	Aust. 5½pc '81-82	99½	+⅛	5.61	15.08
87½	82½	Do. 6pc 1981-83	85¾	......	7.05	15.42
67¼	57	N.Z. 7½pc 1988-92	57½	......	12.56	15.68
81¾	74	Do. 7½pc '83-86	74¾	......	10.11	15.82
41	115	S. Rhod. 2½pc Non-Ass.	136	......	—	—
61	43	Do. 3½pc 80-85 Assd.	59	......	6.05	20.40
43	26	Do. 4½pc 87-92 Assd.	32xd	......	14.06	21.80
95	320	Zimbabwe Ann (£100pa)	331	......	—	26.31

INDUSTRIALS—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
29	18	McInerney 10p.	25	......	Q28.6%	2.4	9.4	5.9
148	100	McKay Secs. 20p.	140	......	2.7	1.8	2.8	29.0
128	76	Mountleigh	82	......	3.5	2.2	6.1	(8.7)
202	133	Mountview 5p	144	......	2.9	7.6	2.9	6.5
125	75	Muckiow (A. & J.)	85	......	3.88	1.5	6.7	(12.4)
400	280	New Cavendish 5p.	340	......	—	—	—	—
209	130	North Brit. Props.	148	......	3.1	2.2	3.0	21.3
161	115	Peachey	139	......	4.5	1.9	4.6	16.1
13½	5¼	Pennine Cml. 10p.	7½	......	—	—	—	—
75	35	Phoenix Mn. & Fn.	57	......	—	—	—	—
*174	115	Prop. Hldg. & Inv.	150	......	Q3.5	1.4	3.3	34.1
265	200	Prop. Part'ship.	220	......	†5.0	1.9	3.2	22.6
184	135	Prop. & Rev.	157	......	3.0	1.4	2.7	33.5
154	100	Prop. Sec. Inv 50p	122	......	h1.44	1.9	1.7	(42.1)
*17	8½	Raglan Prop 1p	10½	+¼	—	—	—	27.3
46	29	Regalian	45	......	—	—	—	8.6
182	128	Regional Prop.	145	......	2.2	2.4	2.2	27.4
180	120	Do. 'A'	143	......	2.2	2.4	2.2	27.1
332	285	Rosehaugh £1	298	+5	2.1	12.7	1.2	7.2
250	190	Rush & Tompkins	216	......	3.75	0.9	2.5	(64.2)
137	79	Samuel Props.	95	+1	d4.3	1.5	6.5	(9.8)
114	79	Scot. Metrop. 20p.	83xd	−1	3.25	1.5	5.6	21.7
*63	38	Second City 10p.	54½	......	hd1.77	2.5	4.6	12.7
155	102	Slough Ests.	122	......	†2.76	2.8	3.2	(14.4)
£283	£187	Do. 10% Conv. '90	£221	......	Q10%	22.2	[illegible]	—
£135	£93	Do. 8% Cnv. 91-94	£102	......	Q8%	5.5	17.9	—
380	300	Stock Conversn.	320	......	4.0	3.4	1.8	19.9
152	59	Swire Props. $HK1	64	−3	tQ48c	2.4	7.0	4.7
242	126	[illegible]	146	......	u5.18	1.7	5.1	(18.2)
200	185	Do. 12pcCn.Pf. 75p	125	......	12%	10.3	10.3	—
52	32	Town Centre	38	......	h0.83	1.4	3.1	31.6

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

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Australian

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

FINANCIAL TIMES
Friday January 15 1982

BOC will put £133m into U.S. plant

By Hazel Duffy, Industrial Correspondent

THE BOC GROUP is investing $247m (£133m) in expanding its U.S. facilities for producing carbon graphite for use in the electric arc furnace method of making steel. It is the largest single investment ever undertaken by the British group.

The expansion involves building two plants on green-field sites, one to produce carbon graphite, the other a needle coke plant, the base material for carbon graphite.

The first plant will be built at Ridgeville, South Carolina. When completed in October 1983 it will increase by 20 per cent production of carbon graphite by Airco, BOC's U.S. subsidiary.

It is planned to expand the plant by the end of the decade to increase the group's total carbon graphite capacity by 50 per cent. The engineering contractor at Ridgeville will be Brown and Root.

BOC considered putting the plant, which would have provided 500 jobs, at Consett, Co. Durham, using the old British Steel Corporation plant. It did not proceed with this proposal because the price of electricity at Consett would be more than twice that in South Carolina.

Mr Richard Giordano, chief executive of the BOC group, said that production of carbon graphite from the new Ridgeville plant would be aimed at "primarily the world market, which is three times larger than the U.S. domestic market, and growing at a faster rate."

Present Airco production of carbon graphite electrodes is sold almost entirely in the U.S.

The needle coke plant is to be built at Seadrift, near Houston, Texas. It will be the first venture by Airco in needle coke, which has previously been bought in.

It is due to start operation in July 1983.

The plant, using technology developed by C-E Lummus, the U.S. group which is also the engineering contractor, will ultimately provide about 90 per cent of Airco's needs.

The primary reason for the Texas plant is to ensure that Airco has control over the quality of its needle coke.

Finance for the two projects will be raised by utilising existing lines of credit, said Mr Giordano. The loans package is expected to be put together by leading international banks.

Background, Page 6

Weather

UK TODAY

STAYING COLD and frosty in Central and South-East England. Temperatures near normal in many Western parts. Very windy in the North at times.

London and SE, E and Central Northern England
Sunny or clear periods. Fog clearing slowly. Light to moderate winds. Max temp 3C (37F).

Western England, Wales, Southern Scotland, Channel Islands, Isle of Man
Bright or sunny intervals, dry. Moderate to fresh winds. Max temp 6C (43F).

Northern Scotland, Orkney, Shetland
Cloudy with occasional rain. Strong to gale force winds. Max temp 7C (45F).

Argyll and Northern Ireland
Bright at times. Occasional rain later. Fresh winds. Max temp 4C (39F).

Outlook: Occasional rain. Becoming less cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	L. Ang.†		—	—
Algiers	C	17	63	Luxmbg.	S	−6	21
Amsdm.	S	−1	30	Luxor	S	25	77
Athens	C	7	45	Madrid	F	12	54
Bahrain		—	—	Majorca	F	17	63
Barclna.	C	12	54	Malaga	R	11	52
Beirut	C	18	64	Malta	C	16	61
Belfast	S	2	36	M'chstr.	S	1	34
Belgrd.	S	−2	28	Melbne.	S	21	70
Berlin	S	−5	23	Mx. C.†		—	—
Biarritz	F	9	48	Miami†	C	24	75
Bmghm.	S	−11	12	Milan	C	3	37
Blackpl.	S	−1	30	Mntrl.†	Sn	−15	5
Bordx.	C	8	46	Mosc'w	Sn	−12	10
Boulgn.	S	−3	27	Munich	C	−12	10
Bristol	C	−6	21	Nairobi	F	29	84
Brussels	S	−10	14	Naples	C	13	55
Budpst.	S	−7	19	Nassau		—	—
Cairo	F	19	66	Nwcstl.	F	1	34
Cardiff	C	−4	25	N. York	C	−6	21
Cas'b'ca	C	14	57	Nice	C	13	55
Cape T.	C	24	75	Nicosia		—	—
Chicg.†	Sn	−14	7	Oporto	F	13	55
Cologne	S	−4	25	Oslo	C	2	36
Cpnhgn.	C	−3	27	Paris	S	−4	25
Corfu	C	14	57	Perth	S	37	99
Denver†	S	2	36	Prague	S	−15	5
Dublin	S	1	34	Reykjvk.	F	0	32
Dbrvnk.	S	13	55	Rhodes	S	13	55
Ednbgh.	F	2	36	Rio J'ot		—	—
Faro	F	15	59	Rome	C	14	57
Florence	S	11	52	Salzbrg.	S	−8	18
Frankft.	S	−8	18	S F'cisct	C	6	43
Funchal	F	18	64	S. Moritz		—	—
Geneva	C	0	32	Singapr.		—	—
Gibraltar		—	—	S'tiago†		—	—
Glasgow	C	4	39	Stckhm.	C	1	34
G'msey	S	3	37	Strasbg.	C	−11	12
Helsinki	C	−2	28	Sydney	C	22	72
H. Kong	C	17	63	Tangier	R	13	55
Innsbrk.	S	0	32	Tel Aviv	C	18	64
Invrnss.	C	5	41	Tenerife	C	13	55
I.o.Man		—	—	Tokyo	F	8	46
Istanbul	Sn	4	39	T'r'nto†	Sn	−13	9
Jersey	S	2	36	Tunis	S	17	63
Jo'burg	F	25	77	Valencia	R	13	55
L. Plms.	F	19	66	Venice	S	5	41
Lisbon	F	14	57	Vienna	S	−6	21
Locarno	C	3	37	Warsaw	F	−5	23
London	S	2	36	Zurich	C	−7	19

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow.
†, Noon GMT temperatures.

W Germany bans Amex cheque deal

BY LESLIE COLITT IN BERLIN AND ALAN FRIEDMAN IN FRANKFURT

THE WEST GERMAN Cartel Office has refused to allow a sales agreement between most of the country's banks and American Express, the travellers' cheques and credit card concern.

The agreement, under which the banks would have given preference to the sale of American Express cheques, was reached last year between the U.S. group and the organisations representing the West German commercial, co-operative and savings banks.

Cartel Office officials said they feared the travellers' cheque deal might have reduced competition in other sectors of the market. "We were afraid that the obligation to sell American Express travellers' cheques by the German banks would also appy to the Amex credit card."

A feature of the agreement was that it was to operate through the German banks' Common Payments System Company. This was set up last year to co-ordinate a wide range of retail banking and money transfer services.

Both the Cartel Office and Herr Wolfgang Starke, general manager of the savings bank federation, made clear that the authorities were concerned that the agreement was between the entire industry and a single company issuing travellers' cheques.

Although the banks and American Express could appeal against the decision to the German Economics Ministry, a more fruitful alternative might be for the U.S. company to draw up separate deals with individual banks. Cartel Office officials suggested that this might overcome their objections.

This is what American Express hopes can now be done to overcome the predicament. Mr Jim Markin, an executive vice-president of the company said last night: "The agreements related to the sale of American Express travellers' cheques in West Germany are currently being restructured to accommodate the needs of various German credit institutions."

Private sector lending figures offer little comfort to Cabinet

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT, anxious about the high level of lending to the private sector, could draw little comfort from the December banking figures released yesterday.

They showed a further increase of just over £1bn in sterling lending to the private sector in addition to a substantial £320m increase in foreign currency borrowings.

These increases partly reflect companies' need for cash to pay taxes held up in last year's Civil Service dispute. They also reflect the rise in lending to individuals for house purchases and, possibly, other consumer spending. However, the rate of increase here may be slowing.

Before Christmas, the Bank of England fired what officials regarded as a "warning shot across the bows" of the clearing banks in the hope that they would curb this type of personal lending.

Lending to the private sector has been increasing at an average rate of about £1.4bn a month since August. This has been one of the main counterparts to the excessive growth of the money supply, which is expected to overshoot the Government's target by a considerable margin.

Money Supply per cent rises (seasonally adjusted)

	Dec	Since Feb annual rate	Last 12 months
M1	0.1	8.6	7.8
£M3	0.2	15.3	13.5
PSL1	0.5	14.4	11.1
PSL2	0.4	12.1	11.5

Yesterday's figures show that sterling M3, still the main instrument of the Government's monetary policy, grew at an annual rate of 17.8 per cent from February to November.

This reduction mainly reflects the predicted unwinding of the effects of the civil servants' dispute as a further £1bn of deferred taxation was withdrawn from the system. The annual rate of increase of sterling M3 will continue to decline in the next few months as the remaining £3.5bn of back taxes is collected. A somewhat slower growth rate may also result from a change of definition of sterling M3 which came into operation from December. However, it seems unlikely that the growth rate can be reduced enough to meet the Government's 6 to 10 per cent annual growth target for M3 in the year to this February.

Significantly, more emphasis is being placed on the widest definition of money, PSL2. This includes deposits with building societies and has been less distorted by the effects of the civil servants' strike.

This has been growing at an annual rate of 12.1 per cent since February. Unlike sterling M3, this measure of money has not been inflated by the shift of mortgage business from the building societies to the banks.

Yesterday's figures showed that National Savings increased by £330m in banking December, the highest figure since May, but there was a net reduction in holdings of gilt edged stocks of £260m. This reflects a large amount of redemption of gilts and some foreign purchases at a time when sales were slack.

Fujitsu in talks with GM on robots deal

By Our Foreign Staff

FUJITSU FANUC, the Japanese electronics group, said yesterday it was negotiating an agreement covering industrial robots with General Motors, the U.S. car manufacturer.

The Japanese company, one of the world's leading manufacturers of robots and machine tool controls, last month signed a 10-year robot technology agreement with Britain's 600 group. It declined to say whether the proposed link with GM ould take the form of technology transfer or a joint venture.

General Motors, which would not coment on the possibility of a link with Fujitsu Fanuc, is currently engaged in delicate negotiations with the United Autoworkers Union aimed at cutting car production costs. The company has agreed to a novel union proposal to match reduced labour costs "penny for penny" with lower car prices but the two sides are still discussiong the details of the scheme.

General Motors was one of the firfst automotive manufacturers to use robots for welding and paint spraying tasks predominantly, and is now launching itself into using more sophisticated robot types. At present it does not make any robots.

In addition to its agreement with the 600 group, under which the British company has been licensed to make the Japanese group's full range of robots, Fujitsu Fanuc, has recently reached agreements with several Continental manufacturers.

In Luxembuorg, the company is to set up a subsidiary to make machine tool numerical controls in which Siemens, of West Germany, will eventually require a 25 per cent interest.

Elsewhere in the robots field, Hitachi of Japan has reached agreement with General Electric of the U.S. for an exchange of technology and manufacturing rights covering the Hitachi robot range. Kawasaki of Japan has a robots agreement with Unimation in the U.S.

Robot sales are advancing rapidly in all industrialised countries from a relatively small base, while the tasks that can be performed by robots are multiplying.

Kawasaki to triple robot output, Page 25.

LT concessionary fares move

THE GOVERNMENT will legislate "as quickly as possible" in this session of Parliament to allow the Greater London Council to provide concessionary fares for elderly and disabled passengers on London Transport.

The decision, announced last night by Mr David Howell, Transport Secretary, in a letter to Mr Ken Livingstone, Labour leader of the GLC, comes after the council voted on Tuesday that its concessionary fares scheme would be illegal beyond March 31.

This action was taken by the council to conform with the interpretation by the GLC's legal counsel of the Law Lords' ruling that all subsidies to London Transport at the start of a year are illegal. This ruled out subsidies for cheap fares and for concessionary fares for the elderly.

Mr Howell told Mr Livingstone that the Government planned to introduce legislation to allow London Transport to repay its £125m deficit for 1981-1982 over five years, as requested by Sir Peter Masefield, chairman and chief executive of London Transport, in the revised LT budget for 1982 submitted to the GLC last month.

Mr Howel, commenting on his letter, said there would be "no question of London's old people losing theirtravel concessions."

"The stories that have been set afoot on this have caused unnecessary anxiety. The GLC has other powers of its own which can continue to provide a substantial slice of resources for concessionary schemes if it so chooses." These powers are in section 137 of the Local Government Act 1972, but the GLC refused to use these powers beyond March 31 this year.

Mr Howell told Mr Livingstone that the "tangle" over old people's concessionary travel should be cleared up quickly.

Under the Transport (London) Act 1969, only the London boroughs were given powers to finance a concessionary fares scheme. The GLC was not given these powers and the council voted on Tuesday "to inform the London boroughs and the Government that in the light of the Law Lords' decision it will be illegal for the council to continue the present concessionary travel scheme for the elderly beyond March 31."

The London Boroughs Association, however, told Mr Howell it could not "see its way" to taking over responsibility for these concessions in 1982-83.

The Government, as a result, will bring in legislation to bring the GLC's powers to provide for concessionary fares in line with those for other authorities.

Continued from Page 1

Paisley leads devolution effort

This would include elections later this year for an assembly, from which he might appoint members to serve on an executive which could also include Westminster politicians such as the present team of Northern Ireland Ministers. As head of this executive Mr Prior would control the gradual transfer of powers from Westminster to Northern Ireland politicians.

Initial reaction from both parties has been unenthusiastic. The SDLP rejects the idea of "rolling devolution." It appears prepared to consider a form of majority rule government, but only if links between the province and the Irish Republic are reinforced, possibly within the context of the Anglo-Irish Council, set up after the Anglo-Irish summit in the autumn.

The Official Unionists also reject the idea of a gradual transfer of power. They are insisting on majority rule with substantial power for the Opposition in a system of legislative committees. They oppose the idea of an executive, preferring a Westminster Cabinet style of government, and say the scope for the opposition in the committee would depend on the degree of power devolved to the majority.

The Official Unionist position is close to the conclusions of the 1975 constitutional convention, which also form the basis of the plans being drawn up by the Unitel Unionist Forum. Mr Paisley, whose party might well hold the largest number of seats in an Ulster assembly, clearly hopes to commit the Official Unionists to this position before their negotiations with Mr Prior proceed.

Much, however, depends on the outcome of the present power struggle within the Official Unionist party where the future of the leader, Mr James Molyneaux, is in doubt. At present, senior members of the party appear content to sit back in the hope of playing off Mr Prior against Mr Paisley and extracting the best possible terms from both.

Continued from Page 1

Grade

night to curb speculation over the future of Central Independent, which recently took over the old ATV franchise in the Midlands for transmitting programmes.

The authority indicated last night that Associated's voting rights in the affairs of Central Independent, as a major shareholder with a 51 per cent stake, will be effectively frozen until the outcome of the bid is known. In the future it is likely to require Associated to reduce wholly or in part its stake in Central.

Shareholders criticise Royal Bank board

BY WILLIAM HALL, BANKING CORRESPONDENT

THE Royal Bank of Scotland group has contingency plans, if, as seems likely, it is forced to remain independent. This emerged yesterday at the bank's frosty annual meeting in Edinburgh when Sir Michael Herries, chairman, and his directors were left in no doubt that some shareholders were unhappy about the way the board had handled events over the last nine months.

The meeting was held on the eve of the publication today of the Government's decision on the Monopolies and Mergers Commission report blocking the two bids by Hongkong and Shanghai Bank and Standard Chartered.

Sir Michael said it was up to the directors and not the shareholders to decide on the bank's contingency plans, although he would keep the shareholders informed. "You don't just go out and buy a bank in Houston or Dallas overnight. We have a lot of ideas and alternatives," he said.

Mr Iain Noble, a Scottish financier and leading advocate of the bank's continued independence, said that he knew of one City institution which was so "shattered" by the low price of the initial Standard Chartered bid that it immediately held a board meeting to discuss whether it should itself make an offer.

Mr Peter de Vink, another leading figure in the campaign to keep the bank independent, asked Sir Michael: "If you as a bank cannot value your own business, how can your customers have confidence in how you value their business?"

Mr de Vink could not understand how Standard Chartered was to pay well below net asset value for the Royal Bank group when it had a "good record of paying well above net asset value" for U.S. banks. He called for the resignation of the board.

Sir Michael Herries defended the board's initial low offer from Standard Chartered, saying the group had taken "the best advice in the City." This caused one shareholder to ask why the next bid a month or so later had been made at nearly double the price.

Sir Michael, who handled all the questions, explained that at the time of the initial bid it was thought that there was "no possibility of a contested bid. The Bank of England underlined this "However, once the Hong Kong bank turned up, "we were thrown into the market place."

"There was no question of us looking for jobs for the boys," said Sir Michael. "A merger with Standard Chartered was in the best interests of shareholders, staff, customers and *the communities we serve.*"

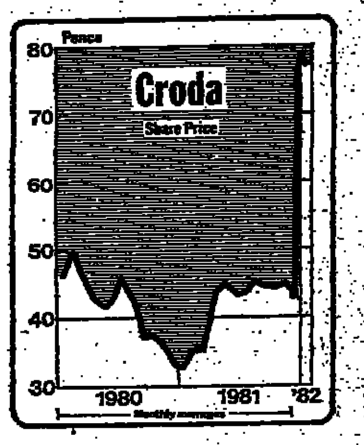
Mr de Vink asked Sir Michael why the group had allowed itself to lose control of Lloyds and Scottish, when he understood that there was a "gentleman's agreement" with Lloyds Bank, the other major shareholder, that neither side would bid for the finance company. Sir Michael could "find no trace of any written agreement" covering the matter. "A dawn raid can happen at any time."

Several small shareholders were concerned about the possible loss of independence if the Royal Bank became part of a larger group. However, Sir Michael stressed that the appointment of eight directors to the board of a new group meant that "we would have a very considerable influence in the direction of the affairs of what was going to be and still might be a major world banking group."

THE LEX COLUMN

The Bell tolls for ACC

Index fell 0.1 to 527.2



In some respects, Bell Group's cash bid for Associated Communications looks the best way out of a very unsatisfactory affair. A price of 66p per share for the non-voters is far from generous — representing a premium of only 27 per cent on a very depressed suspension price, and a discount of perhaps a half on the net asset value. *All* the executive directors of ACC, who are responsible for the current mess, are to keep their jobs, and non-voting shareholders are being bludgeoned into acceptance. Bell says that any remaining minority group would be enfranchised—and then sacked with a substantial rights issue.

But this is what happens to people who are prepared to buy non-voting shares. At least the relationship between the price *to be paid for the* Ordinary and the non-voting shares seems acceptable. Allowing for the fact that the Ordinary have a par value four times that of the non-voting, the voting shares are getting a premium of 21 per cent.

What is most unsettling, however, is the row which has apparently blown up between ACC and its merchant bank adviser, N. M. Rothschild, as a result of which the bank was not appointed to act in this bid. Rothschild has been actively involved in ACC's affairs for some months and the decision to walk away would not have been taken lightly. There should be a lot of questions asked about why the bank felt that it was not being given enough time to do a proper job.

Burmah/Croda

Burmah Oil sent off two letters yesterday—one to Croda shareholders and another, rather more interesting, to its own. The offer for Croda deferred stock has been raised from 37p to 48p, somewhat to Burmah's embarrassment, since this suggests a readiness to bid up. In fact the Takeover Panel has simply changed its mind about the appropriate price for deferred shares implied by a 70p offer for the ordinary.

The appeal to Croda shareholders relies entirely on the persuasive powers of cash, but although the case for accepting is described as "overwhelming" the Croda ordinary held at 77p.

To its own shareholders Burmah describes its strategic reorganisation into five "free-standing" divisions, among which speciality chemicals (this buzz-word rather flatters much of Croda's business as well as Burmah's) is prominent. Quinton *Hazell is up for sale*, although no sensible offers have yet been received.

Clearly the sum—over £30m, say—that the sale of QH should bring in will help with the Croda purchase. Burmah is ostensibly making the disposal because it cannot afford to supply QH's capital needs as well as those of its other development-hungry businesses. Nevertheless, it feels able to offer £80m for Croda and assume its £30m of debt.

Burmah will also release cash from working capital following the Ellesmere Port refinery closure, but much will be absorbed by redundancy payments. Tangible net worth, allowing for the closure and for some retentions in 1981, must be around £300m—or £350m if the group's tankers are written down to market value. Against this, 1980 debt was £308m, offset by £85m of liquid assets.

No company can be more aware of the dangers of overgearin gthan Burmah Oil. The stretch to buy Croda comes at a time when earnings per share are falling, investment needs are high and the shares stand too close to par value for Burmah to be sure of access to rights issue finance. Croda shareholders need do nothing about their letters for the moment; investors in Burmah should read theirs very carefully.

Thorn/EMI

Thorn EMI is discovering that judging public taste, especially in the U.S., is a puzzling business. The string of film flops like Honky-Tonk Freeway will produce a loss of up to £10m in this division this year. In compensation, the company has managed to make Cliff Richard a big star in the U.S., only 22 years after Living Doll went gold in the UK. The old EMI music business, in fact, is once again a key factor in pushing profits for the first half, to September, ahead 17 per cent to £45.5m.

The second major growth area has been television, up from break-even to a 20 per *cent return on capital. However*, the benefit here has been cancelled by the heavy costs of financing the video boom. The depreciation charge on the rental side is £17m higher and the company has been air freighting in recorders to hold on to its 40 per cent market share.

The real disappointments relate to the original Thorn non-rental businesses. Last year's cutbacks in capacity have proved sufficient to bring the domestic appliances division back on to an even keel, and profits here are £5m higher. But they have proved inadequate for the engineering and lighting businesses. So there will not be the expected recovery in profits based purely on the elemination of last year's exceptional items.

Depending critically on the level of this yaer's exceptionals, the outcome this year may be somewhere betwene £100m and £110m, against £94.3m. The shares rose 8p yesterday to 440p, where the yield is 4.8 per cent.

S & W Berisford

S. and W. Berisford is very unlikely to maintain its holding in British Sugar at the present level for much longer but the 40 per cent stake is so far proving a solid investment. It contributed £3.7m after financing costs in the year to September and roughly washed its face in cash flow terms.

Even with British Sugar, Berisford's figures look fairly dull. Profits before tax are up 12.7 per cent to £40.7m and, in quiet cocoa and coffee markets, commodity merchanting has shown a slight fall. The outlook for cocoa at least is rather brighter and Berisford is moving aggressively into physical metal trading, but the group's energies are increasingly being directed towards more capital intensive businesses. Berisford has invested heavily in a U.S. steel pipe plant and is poised to spend £15m on a food processing company.

Such a strategy has obvious merits but, in Berisford's case, a logical pattern is very hard to discern and its diversification record to date is not encouraging. The shares are cautiously rated on a 9.1 per cent yield at last night's price of 123p.

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